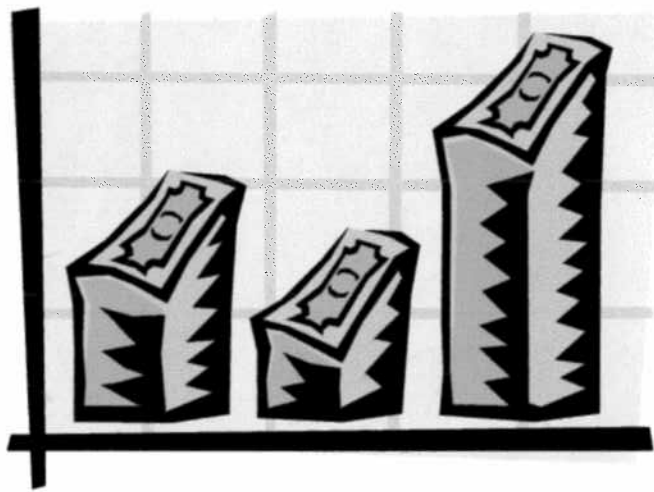




**Farmingdale**  
**Public School**

# Comprehensive Annual Financial Report



**Farmingdale Board of Education**  
**Farmingdale, New Jersey**

**For the Fiscal Year Ended June 30, 2013**

**PREPARED BY:**  
**FARMINGDALE BOARD OF EDUCATION**  
**FINANCE DEPARTMENT**

# **FARMINGDALE SCHOOL DISTRICT**

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## **INTRODUCTORY SECTION**

# FARMINGDALE SCHOOL DISTRICT

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49 Academy Street  
 Farmingdale, New Jersey 07727  
 Phone 732-938-9611 Fax 732-938-2317  
[www.farmingdaleschool.com](http://www.farmingdaleschool.com)

**Mrs. Cheri-Ellen Crowl**  
**Superintendent of Schools**  
**Principal**

**Mrs. Karen Minutolo**  
**Business Administrator /**  
**Board Secretary**

October 9, 2013

Honorable President and  
 Members of the Board of Education  
 Farmingdale School District  
 County of Monmouth  
 Farmingdale, New Jersey

Dear Board Members:

We are pleased to present to you the Comprehensive Annual Financial Report (CAFR) of the Farmingdale School District for the fiscal year ended June 30, 2013. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Board of Education. To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the basic financial statements and results of operations of the District. This report will provide the taxpayers of the Farmingdale School District with comprehensive financial data in a format enabling them to gain an understanding of the School District's financial affairs.

The Comprehensive Annual Financial Report is presented in four sections as follows:

- The Introductory Section contains this Letter of Transmittal, List of Principal Officials, and an Organizational Chart of the School District;
- The Financial Section begins with the Independent Auditors' Report and includes the Management's Discussion and Analysis, the Basic Financial Statements and Notes providing an overview of the School District's financial position and operating results, and other schedules providing detailed budgetary information;
- The Statistical Section, which has been updated with the implementation of GASB Statement 44, includes selected economic and demographic information, financial trends, and the fiscal revenue and debt capacities and other operating information of the School District;
- The Single Audit Section – The District is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act Amendments of 1996, the U.S.



Office of Management and Budget Circular A-133, “Audits of States, Local Governments and Non-Profit Organizations”, and the State Treasury Circular Letter 04-04 OMB, “Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid”. Information related to this single audit, including the independent auditors’ report on the internal control and compliance with applicable laws, regulations, contracts and grants, along with findings and questioned costs, is included in the single audit section of this report.

### **School District Organization**

An elected five member Board of Education (the “Board”) serves as the policy maker for the School District. The Board adopts an annual budget and directly approves all expenditures, which serve as the basis for control over and authorization for all expenditures of School District tax money.

The Superintendent is the chief executive officer of the School District, responsible to the Board for total educational and support operations. The Board Secretary and Business Administrator are the chief financial officers of the School District, responsible to the Board for maintaining all financial records, issuing warrants in payments of liabilities incurred by the School District, acting as custodian of all School District funds, and investing idle funds as permitted by New Jersey law.

### **Reporting Entity**

The Farmingdale School District is an independent reporting entity within the criteria adopted by the Governmental Accounting Standards Board’s (GASB) as established by Statement No. 14. All funds of the District are included in this report.

### **Major Initiatives**

Farmingdale School District’s Major Initiatives include:

Academic achievement as assessed by the NJASK assessment tests, small group instruction, differentiated instructional methods and the newly purchased NWEA program measuring academic progress on line. This program will allow curriculum based measurement in reading, mathematics, science; and provides sample goal statements for each area. In addition, the process by which teachers can examine data and make meaningful decisions about the overall effectiveness of their instruction which will then be described in Student Growth Objectives (SGOs). As part of the student achievement component of evaluation under AchieveNJ®, each teacher sets SGOs with input and approval from CSA at the start of the year. Specifically, teachers and CSA are expected to collaborate around the instructional content that will be covered and the skills and knowledge that will be measured.

Technology has become a cornerstone of the Farmingdale Public School. New technology purchases have made it possible for faculty and students to further academic performance in 21<sup>st</sup>

Century Skills. Faculty will continue to infuse technology into curriculum and instruction with the use of both Dell Laptops and Apple Ipads and “apps” technology and products. The Faculty’s capacity to deliver high quality instruction is a key lever to student success. Collaborative, data-informed decision-making processes and practice and continued systemic professional development are essential to our success as a school district. The new technology will continue to aid communication between home and school to ensure students’ success.

Communication between student/teacher, teacher/parent, and school/community will be a consistent initiative. In order for the board to provide effective leadership, it must communicate with and establish working relationships with the community, other governmental agencies, staff, families, and students, and engage these stakeholders in supporting our students and schools. In order for the Board and School District to be successful, it must communicate with and establish working relationships with the community, other governmental agencies, staff, families, and students, and engage these stakeholders in supporting our students and school.

The Farmingdale School District continues to support the 5-year facility plan. This facility plan involves school planning and design as seen an opportunity to enhance academic outcomes by creating better learning environments. This logic is compelling- how can we expect students to perform at high levels in schools buildings that need repair. The Board is aware that clean, quiet, safe, comfortable and healthy environments are an important component of successful teaching and learning. The board will review the in their goal six categories: lighting, acoustics; building age and quality; school size and class size. The board will direct district resources to support the instructional core and to provide educational equity and choice while maximizing administrative and operational efficiency within a sustainable budget.

The Farmingdale Public School Board of Education believes all before and after-school activities help children develop certain skills. For example, music and academic-based activities help them excel in school, while art helps them develop their creative side and "think outside of the box." As well, sports teach children about cooperation and the importance of being a team player, while dance teaches children focus, discipline and control of the body. Furthermore, the U.S. Department of Education and the U.S Department of Justice found that children enrolled in any after-school activity have more self-confidence, stronger conflict management skills and fewer behavioral problems. Know these benefits, the Farmingdale Public School is endeavoring to promote before and after school activities for the entire student body; furthermore the Board is reaching out to neighboring schools with the hopes that the FPS student body can participate in those schools’ activities also. Since Farmingdale Public School is a one-school district, this program will broaden the social and intellectual interests of the students.

## Financial Information

**Internal Accounting and Budgetary Control:** Management of the District is responsible for establishing and maintaining an internal control system designed to ensure that the assets of the District are protected from loss, theft or misuse and to ensure that adequate accounting data is compiled to allow for the presentation of financial statements in conformity with accounting principles generally accepted in the United States. The internal control system is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that (1) the cost of control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

As a recipient of federal and state awards, the District also is responsible for ensuring that an adequate internal control system is in place to ensure compliance with applicable laws and regulations related to those programs. The internal control system is also subject to periodic evaluation by the District management.

As part of the District's single audit described earlier, tests are made to determine the adequacy of the internal control system, including that portion related to major federal and state awards, as well as to determine that the District has complied with applicable laws, regulations, contracts and grants.

In addition to internal accounting controls, the District maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the voters of the municipality. Annual appropriated budgets are adopted for the general fund, the special revenue fund and the debt service fund. Project-length budgets are approved for the capital improvements accounted for in the capital projects fund.

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either canceled or are included as re-appropriations of fund balance in the subsequent year. Those amounts to be re-appropriated are reported as reservations of fund balance at fiscal year end.

## Cash Management

The investment policy of the District is guided in large part by state statutes as detailed in "Notes to Basic Financial Statements", Note 2. The District has adopted a cash management plan, which requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act ("GUDPA"). GUDPA was enacted in 1970 to protect Governmental Units from a loss of funds on deposit with a failed banking institution in New Jersey. The law requires governmental units to deposit public funds only in public depositories located in New Jersey, where the funds are secured in accordance with the Act.

## **Risk Management**

The Board carries various forms of insurance, including but not limited to general liability, automobile liability and comprehensive/collision, hazard and theft insurance on property and contents and fidelity bonds. The Business Administrator and Board Secretary oversee risk management for the District. A schedule of insurance coverage is found in the Statistical Section as Schedule J-20.

## **Independent Audit**

State statutes require an annual audit by independent certified public accountants. The accounting firm of Robert A. Hulsart & Company was selected by the Board of Education. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of the Single Audit Act Amendments of 1996, and the related U.S. Office of Management and Budget Circular, "Audits of State, Local Governments and Non-Profit Organizations" A-133 and the State Treasury Circular Letter 04-04 OMB "Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid." The auditor's report on the basic financial statements and specific required supplemental information is included in the financial section of this report. The auditors' reports related specifically to the single audit are included in the single audit section of this report.

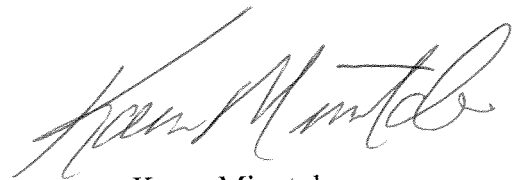
## **Acknowledgements**

We would like to express our appreciation to the members of the Farmingdale School District Board of Education for their concern in providing fiscal accountability to the citizens and taxpayers of the school district and thereby contributing their full support to the development and maintenance of our financial operation. The preparation of this report could not have been accomplished without the efficient and dedicated services of our financial and accounting staff.

Respectfully submitted,



Mrs. Cheri-Ellen Crowl  
Superintendent of Schools



Karen Minutolo  
SBA/BS

# FARMINGDALE BOARD OF EDUCATION

## ROSTER OF OFFICIALS JUNE 30, 2013

| <u>Members of the Board of Education</u> | <u>Term Expires</u> |
|--|---------------------|
| Bonnie Wright, President                 | 2013                |
| William Shaffer, Vice-President          | 2015                |
| Gary Maser                               | 2013                |
| Elizabeth Rhein                          | 2014                |
| Eric Daniels                             | 2013                |

### Other Officials

Mrs. Cheri-Ellen Crawl, Superintendent/Principal

Karen Minutolo, Business Administrator/Board Secretary

George Lang, Treasurer

# FARMINGDALE BOARD OF EDUCATION CONSULTANTS AND ADVISORS

## Audit Firm

Robert A. Hulsart and Company  
2807 Hurley Pond Road  
Wall, New Jersey 07719

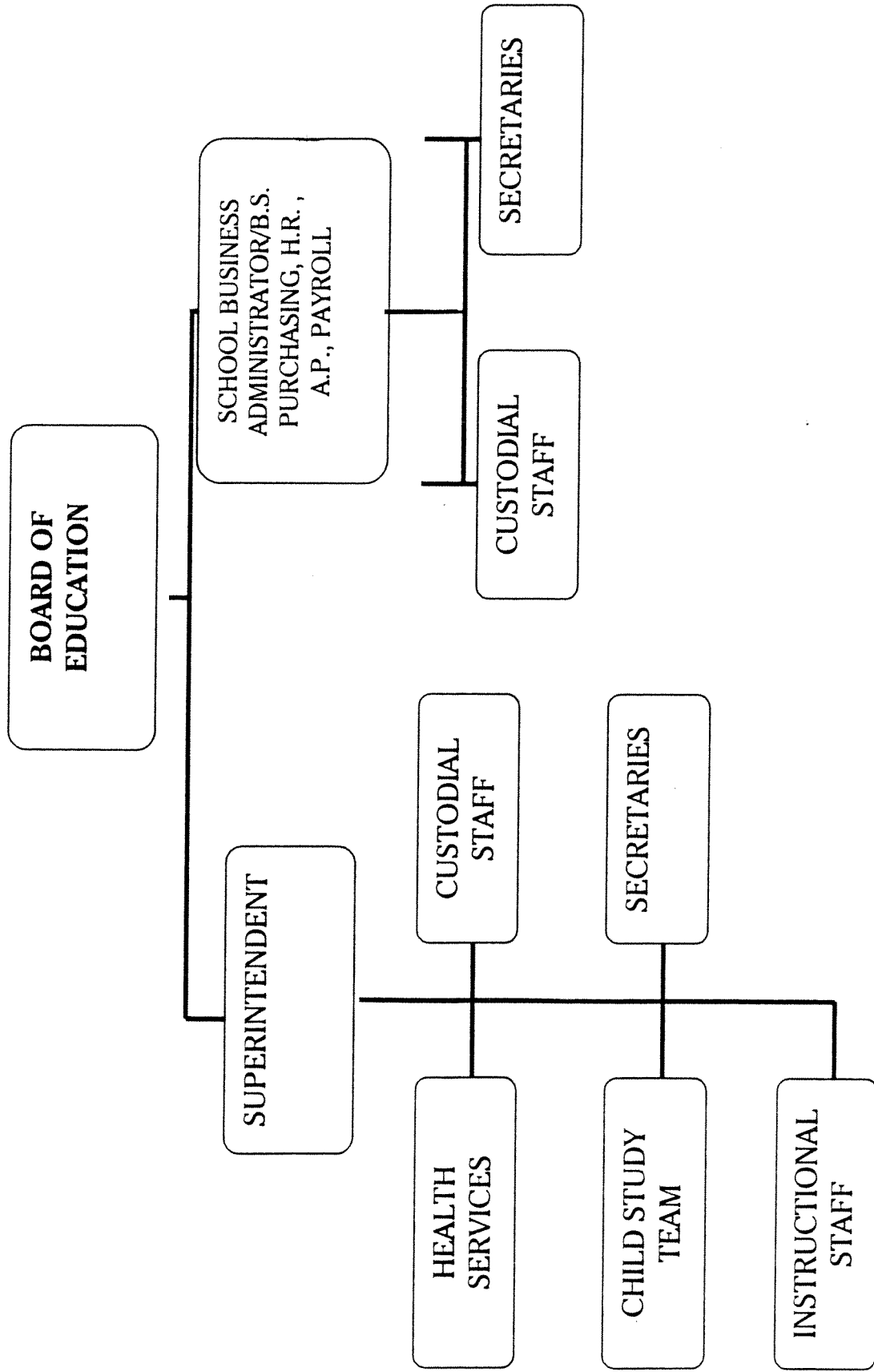
## Attorney

Campbell & Pruchnik, L.L.C.  
Counselors-at-Law  
43 West Front Street  
Suite 10  
Red Bank, New Jersey 07701

## Official Depository

New York Community Bank  
Main Street  
Farmingdale, New Jersey 07727

# ORGANIZATION CHART



## **FINANCIAL SECTION**



# Robert A. Hulsart and Company

CERTIFIED PUBLIC ACCOUNTANTS

ARMOUR S. HULSART, C.P.A., R.M.A., P.S.A. (1959-1992)  
ROBERT A. HULSART, C.P.A., R.M.A., P.S.A.  
ROBERT A. HULSART, JR., C.P.A., P.S.A.

RICHARD J. HELLENBRECHT, JR., C.P.A., P.S.A.

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Wall, New Jersey 07719-1409  
(732) 681-4990

## INDEPENDENT AUDITOR'S REPORT

Honorable President and Members  
of the Board of Education  
Farmingdale School District  
County of Monmouth  
Farmingdale, New Jersey

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Board of Education of the Farmingdale School District, in the County of Monmouth, State of New Jersey, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditors Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### *Opinions*

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Board of Education of the Farmingdale School District, in the County of Monmouth, State of New Jersey, as of June 30, 2013, and the respective changes in financial position and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### *Other Matters*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information as listed in the table of contents presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Government Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

The accompanying introductory section and other supplementary information such as the combining and individual fund financial statements, long-term debt schedules, and statistical information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standard generally accepted in the United States of America. In our opinion, the accompanying introductory section and other supplementary information such as the combining and individual fund financial statements, long-term debt schedules, and statistical information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The accompanying introductory section and other supplementary information such as the combining and individual fund financial statements, long-term debt schedules, and statistical information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

The accompanying schedules of expenditures of federal awards and state financial assistance are presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and New Jersey OMB's Circular 04-04, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid respectively, and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated October 9, 2013 on our consideration of the Farmingdale's Board of Education internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Farmingdale Board of Education's internal control over financial reporting and compliance.

Respectfully submitted,

**ROBERT A. HULSART AND COMPANY**

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**Robert A. Hulsart**  
**Licensed Public School Accountant**  
**No. 322**  
**Robert A. Hulsart and Company**  
**Wall Township, New Jersey**

October 9, 2013

**REQUIRED SUPPLEMENTARY INFORMATION**  
**PART I**

**FARMINGDALE PUBLIC SCHOOL DISTRICT**  
**BOROUGH OF FARMINGDALE**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

The discussion and analysis of Farmingdale Public School District's financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2013. The intent of this discussion and analysis is to look at the School District's financial performance as a whole; it should be read in conjunction with the Comprehensive Annual Financial Reports (CAFR) Letter of Transmittal which is found in the Introductory Section, and the School Board's financial statements found in the Financial Section and the notes thereto.

**Financial Highlights**

Key Financial highlights for the 2012-2013 fiscal year are as follows:

- General revenues accounted for \$2,605,599 in revenue or 97 percent of all revenues. Program specific revenues in the form of charges for services and operating grants and contributions accounted for \$83,646 or 3 percent to total revenues of \$2,688,245
- The School District had \$2,879,202 in expenses; only \$83,646 of these expenses was offset by program specific charges for services, grants or contributions. General revenues (primarily property taxes) of \$2,605,599 were adequate to provide for these programs.
- The General Fund had \$2,619,559 in revenues and \$2,619,536 in expenditures. The General Fund's balance increased \$9,023 over 2012.

**Using this Comprehensive Annual Financial Report (CAFR)**

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand Farmingdale Public School District as a financial whole, an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities.

### **Using this Comprehensive Annual Financial Report (CAFR) – (Continued)**

The Statement of Net Position and Statement of Activities provide information about the activities of the whole school district, presenting both an aggregate view of the School District's finances and a longer term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short term as well as what remains for future spending. In the case of Farmingdale Public School District, the General Fund is the most significant fund.

The School Board's auditor has provided assurance in his Independent Auditor's Report, located immediately preceding this Management's Discussion and Analysis, that the Basic Financial Statements are fairly stated. A user of this report should read the Independent Auditor's Report carefully to ascertain the level of assurance being provided for each of the other parts of the Financial Section.

### **Reporting the School District as a Whole**

#### **Statement of Net Position and the Statement of Activities**

While this document contains the large number of funds used by the School District to provide programs and activities, the view of the School District as a whole looks at all financial transactions and asks the question, "How did we do financially during the 2012-2013 fiscal year?" The Statement of Net Position and the Statement of Activities helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by most private sector companies. This basis of accounting takes into account, all of the current year's revenues and expenses regardless of when cash is received or paid.

These two statements report the School District's net position and changes in those activities. This change in net position is important because it tells the reader that, for the school district as a whole, the financial positions of the School District has improved or diminished. The causes of this change may be the result of many factors, some financial, and some not. Non-financial factors include the School District's property tax base, current laws in New Jersey restricting revenue growth, facility condition, required educational programs and other factors.

In the Statement of Net Position and the Statement of Activities, the School District is divided into two distinct kinds of activities:

- Governmental activities – All of the School District's programs and services are reported here including, but not limited to, instruction, support services, operation and maintenance of plant facilities, pupil transportation and extracurricular activities.

## **Reporting the School District's Most Significant Funds**

### **Fund Financial Statements**

Fund financial reports provide detailed information about the School District's major funds. The School District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the School District's most significant funds. The School District's major governmental funds are the General Fund, Special Revenue Fund, Capital Projects Fund and Debt Service Fund.

### **Government Funds**

The School District's activities are reported in Governmental Funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in the future years. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The Governmental Fund statements provide a detailed short term view of the School District's general government operations and the basic services it provides. Governmental Fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship (or differences) between governmental activities (reported in the Statement of Net Assets and the Statement of Activities) and Governmental Funds is reconciled in the financial statements.

**The School District as a Whole**

Table 1 provides a summary of the School District's net position for the fiscal year 2013. Comparison data for 2012 is also presented.

**Table 1**  
**Net Position**

|   | <b><u>2013</u></b>  | <b><u>2012</u></b> |
|---|---------------------|--------------------|
| <b><u>Assets</u></b>                    |                     |                    |
| Current and Other Assets                | \$ 424,037          | 431,677            |
| Capital Assets, Net                     | <u>604,568</u>      | <u>523,254</u>     |
| Total Assets                            | <u>\$ 1,028,605</u> | <u>954,931</u>     |
| <b><u>Liabilities</u></b>               |                     |                    |
| Accounts Payable & Deferred Revenue     | \$                  | 3,513              |
| Deferred Revenue                        |                     | 1,387              |
| Non-Current Liabilities:                |                     |                    |
| Due Beyond One Year                     | <u>42,000</u>       | <u>42,000</u>      |
| Total Liabilities                       | <u>\$ 42,000</u>    | <u>46,900</u>      |
| <b><u>Net Position</u></b>              |                     |                    |
| Invested in Capital Assets, Net of Debt | \$ 604,568          | 523,254            |
| Restricted                              | 237,592             | 202,255            |
| Unrestricted                            | <u>144,445</u>      | <u>182,522</u>     |
| Total Net Position                      | <u>\$ 986,605</u>   | <u>908,031</u>     |

Table 2 shows the changes in net position for fiscal year 2013. Comparative information for 2012 is also presented.



**Table 2**  
**Changes in Net Position**

|  | <u>2013</u>          | <u>2012</u>      |
|--|----------------------|------------------|
| <b><u>Revenues</u></b>   |                      |                  |
| Program Revenues   |                      |                  |
| Charges for Services   | \$ 29223             | 35,856           |
| Operating Grants and Contributions   | 89958                | 107,187          |
| General Revenues   |                      |                  |
| Property Taxes   | 1,555,883            | 1,443,073        |
| Other  | <u>1,049,740</u>     | <u>990,782</u>   |
| Total Revenues   | <u>2,724,804</u>     | <u>2,576,898</u> |
| <b><u>Program Expenses</u></b>   |                      |                  |
| Instruction  | 1,174,998            | 1,150,545        |
| Support Services   |                      |                  |
| Pupils and Instructional Staff   | 440,416              | 338,235          |
| General Administration, School Administration,<br>Business Operations and Maintenance of<br>Facilities | 877,927              | 1,027,427        |
| Pupil Transportation   | 12,010               | 10,614           |
| Food Service   | <u>36,009</u>        | <u>18,342</u>    |
| Total Expenses   | <u>2,998,857</u>     | <u>2,545,163</u> |
| Increase/(Decrease) in Net Position  | <u>\$ ( 274,053)</u> | <u>(50,087)</u>  |

**Governmental Activities**

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services.

Instruction expenses include activities directly dealing with the teaching of pupils and the interaction between teacher and student, including extracurricular activities.

Pupils and instructional staff include the activities involved with assisting staff with the content and process of teaching to students, including curriculum and staff development.

General administration, school administration and business include expenses associated with administrative and financial supervision of the District.

### **Governmental Activities (Continued)**

Operation and maintenance of facilities activities involve keeping the school grounds, building and equipment in an effective working condition.

Curriculum and staff development includes expenses related to planning, research, development and evaluation of support services, as well as the reporting of this information internally and to the public.

Pupil transportation includes activities involved with the conveyance of students to and from school, as well as to and from school activities, as provided by state law.

Other includes unallocated depreciation and amortization.

### **The School Board Funds**

The School Board uses funds to control and manage money for particular purposes. The Fund's basic financial statements allows the School Board to demonstrate its stewardship over and accountability for resources received from the Borough of Farmingdale's taxpayer's and other entities, including the State of New Jersey and the Federal Government. These statements also allow the reader to obtain more insight into the financial workings of the School Board, and assess further the School Board's overall financial health.

As the School Board completed the fiscal year ended June 30, 2013, it reported a combined net position of \$997,918. The Reconciliation of the Statement of Revenue Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities presents the reader with a detailed explanation of the differences between the net change in fund balances and changes in net assets.

The School Board's budget is prepared according to New Jersey law, and is based on accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The most significant budgeted fund in the General Fund.

Over the course of the year, the School Board revises its budget as it attempts to take into consideration unexpected changes in revenue and expenditures.

A schedule showing the School Board's original and final budget compared with actual operating results is provided in the section of the CAFR, entitled Budgetary Comparison Schedules. The School Board generally did better than had been budgeted in its General Fund since it practices conservative budgetary practices in which revenues are forecasted very conservatively and expenditures are budgeted with worst case scenarios in mind.

### **Capital Assets**

At June 30, 2013, the School Board had approximately \$604,568 in capital assets. This amount is net of accumulated depreciation to date. Table II below shows the net book value of capital assets at the end of the 2013 fiscal year.

#### **Governmental Activities**

Table II

Capital Assets at June 30, 2013

|                           |                   |
|---------------------------|-------------------|
| Building and Improvements | \$ 298,979        |
| Land                      | 149,706           |
| Equipment                 | <u>156,583</u>    |
| Total                     | <u>\$ 604,568</u> |

### **Debt Administration**

At June 30, 2013, the School District had \$42,000 in compensated absences payable.

### **Economic Factors and Next Year's Budget**

The Farmingdale Public School District is in very good financial condition presently. Future finances are not without challenges as the community continues to grow and state funding is decreased.

The Borough of Farmingdale is primarily a residential community, with very few ratables. The majority of revenues needed to operate the District are derived from homeowners through property tax assessments and collections.

For the 2012-2013 school year, the School Board was able to sustain its general fund budget through the local tax levy, state education aid, tuition and local revenue sources. Approximately 39% of the School Board's general fund revenue is from State Aid; 58% of total revenue is from local tax levy, the remainder is from miscellaneous revenue, which among other things includes interest on deposits.

The \$156,120 in unrestricted net assets for all governmental activities represent the accumulated results of all past years' operations. It means that if the School Board had to pay off all bills today, including all of the School Board's noncurrent liabilities such as compensated absences, the School Board would have a surplus of \$156,120.

### **Economic Factors and Next Year's Budget (Continued)**

At this time, the most important factor affecting the budget is the unsettled situation with State Aid. While State Aid may be frozen, the District may experience growth in student population. The tax levy will be the area that will need to absorb any increase in budget obligations.

The School Board cannot accurately forecast future enrollment, but most Districts in Monmouth County are facing increased enrollments.

In conclusion, the Farmingdale Public School District has committed itself to financial excellence for many years. In addition, the School District's system for financial planning, budgeting, and internal financial controls are well regarded. The School District plans to continue its sound fiscal management to meet the challenge of the future.

### **Contacting the School District's Financial Management**

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have questions about this report or need additional information contact Karen Minutolo, School Business Administrator, Board Secretary, at Farmingdale Board of Education, 49 Academy Street, Farmingdale, New Jersey 07727.

## **BASIC FINANCIAL STATEMENTS**

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**DISTRICT-WIDE FINANCIAL STATEMENTS – A**

**FARMINGDALE SCHOOL DISTRICT**

20.

**STATEMENT OF NET POSITION**

Exhibit A-1

**JUNE 30, 2013**

|   | <b><u>Governmental<br/>Funds</u></b> | <b><u>Business-Type<br/>Activities</u></b> | <b><u>Total</u></b> |
|---|--------------------------------------|--|---------------------|
| <b><u>Assets</u></b>                            |                                      |  |                     |
| Cash and Cash Equivalents-Unrestricted          | \$ 168,105                           | 8,274                                      | 176,379             |
| Accounts Receivables, Net                       | 18,340                               | 3,401                                      | 21,741              |
| Restricted Assets:                              |                                      |  |                     |
| Cash and Cash Equivalents                       | 206,716                              |  | 206,716             |
| Capital Reserve                                 | 30,876                               |  | 30,876              |
| Capital Assets-Not Depreciated                  | 149,706                              |  | 149,706             |
| Capital Assets, Net                             | 454,862                              | 775  | 455,637             |
| Total Assets                                    | <u>\$ 1,028,605</u>                  | <u>12,450</u>                              | <u>1,041,055</u>    |
| <b><u>Liabilities</u></b>                       |                                      |  |                     |
| Non-Current Liabilities:                        |                                      |  |                     |
| Due Beyond One Year                             | <u>\$ 42,000</u>                     |  | <u>42,000</u>       |
| Total Liabilities                               | <u>\$ 42,000</u>                     | <u>-</u>                                   | <u>42,000</u>       |
| <b><u>Net Position</u></b>                      |                                      |  |                     |
| Invested in Capital Assets, Net of Related Debt | \$ 604,568                           | 775  | 605,343             |
| Restricted For:                                 |                                      |  |                     |
| Other Purposes                                  | 237,592                              |  | 237,592             |
| Unrestricted                                    | 144,445                              | 11,675                                     | 156,120             |
| Total Net Position                              | <u>\$ 986,605</u>                    | <u>12,450</u>                              | <u>999,055</u>      |

The accompanying notes to financial statements are an integral part of this statement.

**FARMINGDALE SCHOOL DISTRICT**

Exhibit A-2  
Sheet 1 of 2

**STATEMENT OF ACTIVITIES**

**JUNE 30, 2013**

|  | Program Revenues        |  |        | Net (Expense) Revenue and<br>Changes in Net Position |                             |             |
|--|-------------------------|--|--------|--|-----------------------------|-------------|
|  | Charges for<br>Services | Operating<br>Grants and<br>Contributions |        | Governmental<br>Activities                           | Business-Type<br>Activities | Total       |
| Expenses                               |                         |  |        |  |                             |             |
| <b>Functions/Programs</b>              |                         |  |        |  |                             |             |
| Governmental Activities:               |                         |  |        |  |                             |             |
| Instruction:                           |                         |  |        |  |                             |             |
| Regular                                | \$ 777,093              |  |        | (777,093)  |                             | (777,093)   |
| Special Education                      | 390,906                 | 69,323                                   |        | (307,623)  |                             | (307,623)   |
| Other Instruction                      | 6,999                   |  |        | (6,999)  |                             | (6,999)     |
| Support Services:                      |                         |  |        |  |                             |             |
| Student & Instruction Related Services | 440,416                 | 363                                      |        | (440,053)  |                             | (440,053)   |
| School Administrative Services         | 168,523                 |  |        | (168,523)  |                             | (168,523)   |
| Plant Operations and Maintenance       | 237,936                 |  |        | (237,936)  |                             | (237,936)   |
| Pupil Transportation                   | 12,010                  |  |        | (12,010)   |                             | (12,010)    |
| Business and Other Support Services    | 56,004                  |  |        | (56,004)   |                             | (56,004)    |
| Unallocated Benefits                   | 590,041                 |  |        | (590,041)  |                             | (590,041)   |
| Unallocated Depreciation               | 282,920                 |  |        | (282,920)  |                             | (282,920)   |
| Total Government Activities            | 2,962,848               |  |        | (2,879,202)  |                             | (2,879,202) |
|  | 13,960                  | 69,686                                   |        |  | -                           |             |
| Business-Type Activities:              |                         |  |        |  |                             |             |
| Food Service                           | 36,009                  | 15,263                                   | 20,272 |  | (474)                       | (474)       |
| Total Business-Type Activities         | 36,009                  | 15,263                                   | 20,272 | -  | (474)                       | (474)       |
| Total Primary Government               | 2,998,857               | 29,223                                   | 89,958 | (2,879,202)  | (474)                       | (2,879,676) |



FARMINGDALE SCHOOL DISTRICT

Exhibit A-2  
Sheet 2 of 2

STATEMENT OF ACTIVITIES

JUNE 30, 2013

|   | Program Revenues |                         | Net (Expense) Revenue and<br>Changes in Net Position |  |
|---|------------------|-------------------------|--|--|
|   | Expenses         | Charges for<br>Services | Operating<br>Grants and<br>Contributions             |  |
|   |                  |                         |  |  |
| General Revenues:   |                  |                         |  |  |
| Taxes:  |                  |                         |  |  |
| Property Taxes, Levied for General Purpose,<br>Net                          |                  |                         |  |  |
| Federal and State Aid Not Restricted  |                  |                         |  |  |
| Miscellaneous Income  |                  |                         |  |  |
| Total General Revenues, Special Items,<br>Extraordinary Items and Transfers |                  |                         |  |  |
| Change in Net Position  |                  |                         |  |  |
| Net Position - Beginning  |                  |                         |  |  |
| Net Position - Ending   |                  |                         |  |  |

The accompanying Notes to Financial Statements are an integral part of this statement.

## **FUND FINANCIAL STATEMENTS – B**

**BALANCE SHEET****GOVERNMENTAL FUNDS****JUNE 30, 2013**

|  | <b><u>General<br/>Fund</u></b> | <b><u>Total<br/>Governmental<br/>Funds</u></b> |
|--|--------------------------------|--|
| <b><u>Assets</u></b>   |                                |  |
| Cash and Cash Equivalents                                    | \$ 168,105                     | 168,105  |
| Cash and Cash Equivalents-Restricted                         | 206,716                        | 206,716  |
| Cash and Cash Equivalents - Capital Reserve                  | 30,876                         | 30,876   |
| Accounts Receivables, Net                                    | <u>18,340</u>                  | <u>18,340</u>                                  |
| Total Assets   | <u>\$ 424,037</u>              | <u>424,037</u>                                 |
| <br><b><u>Fund Balance</u></b>                               |                                |  |
| Fund Balances:   |                                |  |
| Restricted For:  |                                |  |
| Excess Surplus Designated for Subsequent Year's Expenditures | \$ 47,636                      | 47,636   |
| Excess Surplus-Current Year                                  | 56,187                         | 56,187   |
| Maintenance Reserve  | 30,000                         | 30,000   |
| Capital Reserve  | 30,876                         | 30,876   |
| Assigned To:   |                                |  |
| Year End Encumbrances  | 4,825                          | 4,825  |
| Designated by the BOE for Subsequent Year's Expenditures     | 68,068                         | 68,068   |
| Unassigned:  |                                |  |
| General Fund   | <u>186,445</u>                 | <u>186,445</u>                                 |
| Total Fund Balance   | <u>424,037</u>                 | <u>424,037</u>                                 |
| Total Fund Balances  | <u>\$ 424,037</u>              |  |

Amounts reported for governmental activities in the Statement of Net Position (A-1) are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$2,146,883 and the accumulated depreciation is \$1,542,315

604,568

Long-term liabilities including bonds payable are payable in the current period and therefore are not reported as liabilities in the funds (see Note 3)

(42,000)

Net position of governmental activities

\$ 986,605

The accompanying Notes to Financial Statements are an integral part of this statement.

**FARMINGDALE SCHOOL DISTRICT**

Exhibit B-2  
Sheet 1 of 2

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**

**GOVERNMENTAL FUNDS**

**JUNE 30, 2013**

|   | <b><u>General<br/>Fund</u></b> | <b><u>Special<br/>Revenue<br/>Fund</u></b> | <b><u>Total<br/>Governmental<br/>Funds</u></b> |
|---|--------------------------------|--|--|
| Revenues:                                 |                                |  |  |
| Local Sources:                            |                                |  |  |
| Local Tax Levy                            | \$ 1,555,883                   |  | 1,555,883                                      |
| Tuition                                   | 13,960                         |  | 13,960   |
| Miscellaneous                             | 8,159                          |  | 8,159  |
| Total Local Sources                       | <u>1,578,002</u>               | <u>-</u>                                   | <u>1,578,002</u>                               |
| State Sources                             | 1,041,557                      |  | 1,041,557                                      |
| Federal Sources                           |                                | 69,686                                     | 69,686   |
| Total Revenues                            | <u>2,619,559</u>               | <u>69,686</u>                              | <u>2,689,245</u>                               |
| Expenditures:                             |                                |  |  |
| Current:                                  |                                |  |  |
| Regular Instruction                       | 777,093                        |  | 777,093  |
| Special Education Instruction             | 321,583                        | 69,323                                     | 390,906  |
| Other Instruction                         | 6,999                          |  | 6,999  |
| Support Services and Undistributed Costs: |                                |  |  |
| Student and Instruction Related Services  | 440,053                        | 363  | 440,416  |
| School Administrative Services            | 168,523                        |  | 168,523  |
| Plant Operations and Maintenance          | 237,936                        |  | 237,936  |
| Pupil Transportation                      | 12,010                         |  | 12,010   |
| Business and Other Support Services       | 56,004                         |  | 56,004   |
| Unallocated Benefits                      | 590,041                        |  | 590,041  |
| Capital Outlay                            | 294                            |  | 294  |
| Total Expenditures                        | <u>2,610,536</u>               | <u>69,686</u>                              | <u>2,680,222</u>                               |

FARMINGDALE SCHOOL DISTRICT

Exhibit B-2  
Sheet 2 of 2

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

GOVERNMENTAL FUNDS

JUNE 30, 2013

|   | General<br>Fund | Special<br>Revenue<br>Fund | Total<br>Governmental<br>Funds |
|---|-----------------|----------------------------|--------------------------------|
| Excess (Deficiency) of Revenues Over (Under) Expenditures | 9,023           | -                          | 9,023                          |
| Net Change in Fund Balances                               | 9,023           | -                          | 9,023                          |
| Fund Balance - July 1                                     | 415,014         |                            | 415,014                        |
| Fund Balance - June 30                                    | \$ 424,037      | -                          | 424,037                        |

The accompanying Notes to Financial Statements are an integral part of this statement.

FARMINGDALE SCHOOL DISTRICTRECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS

Exhibit B-3

TO THE STATEMENT OF ACTIVITIESJUNE 30, 2013

|  |                  |                     |
|--|------------------|---------------------|
| Total Net Change in Fund Balances - Governmental Funds (From B-2)  |                  | \$ 9,023            |
| Amounts Reported for Governmental Activities in the Statement of Activities (A-2) are Different Because:   |                  |                     |
| Capital Outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the period. |                  |                     |
| Capital Outlay   | 294              |                     |
| Depreciation Expense   | <u>(282,920)</u> | <u>(282,626)</u>    |
| Change in Net Position of Governmental Activities  |                  | <u>\$ (273,603)</u> |

The accompanying Notes to Financial Statements are an integral part of this statement.

**FARMINGDALE SCHOOL DISTRICT**

27.

**STATEMENT OF NET POSITION**

Exhibit B-4

**PROPRIETARY FUNDS****JUNE 30, 2013**

|                            | <b>Business-Type<br/>Activities<br/>Enterprise Fund<br/>Totals</b> |
|----------------------------|--|
| <b><u>Assets</u></b>       |  |
| Current Assets:            |  |
| Cash and Cash Equivalents  | \$ 8,274   |
| Accounts Receivable:       |  |
| Federal Aid                | 3,319  |
| State Aid                  | 82   |
| Total Current Assets       | <u>11,675</u>  |
| Noncurrent Assets:         |  |
| Equipment                  | 6,896  |
| Accumulated Depreciation   | <u>(6,121)</u>   |
| Total Fixed Assets         | <u>775</u>   |
| Total Assets               | <u><u>\$ 12,450</u></u>  |
| <b><u>Net Position</u></b> |  |
| Unreserved                 | <u>\$ 12,450</u>   |
| Total Net Position         | <u><u>\$ 12,450</u></u>  |

The accompanying Notes to Financial Statements are an integral part of this statement.

FARMINGDALE SCHOOL DISTRICTSTATEMENT OF REVENUES, EXPENSES AND

Exhibit B-5

CHANGES IN FUND NET POSITIONPROPRIETARY FUNDSJUNE 30, 2013

|                               | Business-Type<br>Activities<br>Enterprise Fund<br>Totals |
|-------------------------------|--|
| Operating Revenues:           |  |
| Charge for Services:          |  |
| Tuition                       | \$ 3,100   |
| Daily Sales                   | 12,163   |
| Total Operating Revenues      | 15,263   |
| Operating Expenses:           |  |
| Cost of Sales                 | 32,044   |
| Depreciation                  | 362  |
| Salaries                      | 3,603  |
| Total Operating Expenses      | 36,009   |
| Operating Loss                | (20,746)   |
| Non-Operating Revenues:       |  |
| Interest Income               | 24   |
| State School Lunch Program    | 488  |
| National School Lunch Program | 19,784   |
| Total Non-Operating Revenues  | 20,296   |
| Change in Net Position        | (450)  |
| Net Position, July 1          | 12,900   |
| Net Position, June 30         | \$ 12,450  |

The accompanying Notes to Financial Statements are an integral part of this statement.



STATEMENT OF CASH FLOWS

Exhibit B-6

PROPRIETARY FUNDSJUNE 30, 2013

|  | Business-Type<br>Activities<br>Enterprise Fund<br>Totals |
|--|--|
| Cash Flows from Operating Activities:                |  |
| Receipts from Customers                              | \$ 12,163  |
| Tuition  | 3,100  |
| Payments for Supplies and Salaries                   | (35,647)   |
| Total Cash Flows from Operating Activities           | (20,384)   |
| Cash Flows For Noncapital Financing Activities       |  |
| Federal and State Subsidies                          | 17,432   |
| Total Cash Flows For Noncapital Financing Activities | 17,432   |
| Cash Flows For Investing Activities                  |  |
| Interest Income                                      | 24   |
| Total Cash Flows For Investing Activities            | 24   |
| Net Increase (Decrease) in Cash and Cash Equivalents | (2,928)  |
| Balances Beginning of Year                           | 11,202   |
| Balances End of Year                                 | \$ 8,274   |
| Cash Flows from Operating Activities                 |  |
| Operating (Loss)/Profit                              | \$ (20,746)  |
| Add Depreciation                                     | 362  |
| Net Cash Used by Operating Activities                | \$ (20,384)  |

The accompanying Notes to Financial Statements are an integral part of this statement.

**FARMINGDALE SCHOOL DISTRICT****STATEMENT OF FIDUCIARY NET POSITION**

Exhibit B-7

**FIDUCIARY FUND****JUNE 30, 2013**

|                                     | <b><u>Agency<br/>Account</u></b> |
|-------------------------------------|----------------------------------|
| Assets:                             |                                  |
| Cash and Cash Equivalents           | <u>\$ 14,961</u>                 |
| Total Assets                        | <u><u>\$ 14,961</u></u>          |
| Liabilities:                        |                                  |
| Payroll Deductions and Withholdings | <u>\$ 14,961</u>                 |
| Total Liabilities                   | <u><u>\$ 14,961</u></u>          |

The accompanying Notes to Financial Statements are an integral part of this statement.

## **NOTES TO FINANCIAL STATEMENTS**

**BOARD OF EDUCATION**  
**FARMINGDALE SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**

**JUNE 30, 2013**

**NOTE 1:      Summary of Significant Accounting Policies**

The financial statements of the Board of Education (Board) of the Farmingdale School District (District) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the Board's accounting policies are described below.

**A.      Reporting Entity:**

The Board is an instrumentality of the State of New Jersey, established to function as an educational institution. The Board consists of elected officials and is responsible for the fiscal control of the District. A superintendent is appointed by the Board and is responsible for the administrative control of the District.

The primary criterion for including activities within the District's reporting entity, as set forth in Section 2100 of the GASB Codification of Government Accounting and Financial Reporting Standards, is the degree of oversight responsibility maintained by the District. Oversight responsibility includes financial interdependency, selection of governing authority, designation of management, ability to significantly influence operations and accountability for fiscal matters. The combined financial statements include all funds and account groups of the District over which the Board exercises operating control. The operations of the District include an elementary school located in Farmingdale. There were no additional entities required to be included in the reporting entity under the criteria as described above, in the current fiscal year. Furthermore the District is not includable in any other reporting entity on the basis of such criteria.

**B.      Government-Wide Financial Statements**

The government-wide financial statements include the statement of net assets and the statement of activities. These statements report financial information for the District as a whole excluding fiduciary activities such as student activities. Individual funds are not displayed but the statements distinguish governmental activities, generally supported by state and federal aid, tuition and county tax levies, from business-type activities generally financed in whole or in part with fees charged to external parties.

**NOTE 1: Summary of Significant Accounting Policies (Continued)**

**B. Government-Wide Financial Statements (Continued)**

The statement of activities reports the expenses of a given function offset by program revenues directly connected with the functional program. A function is an assembly of similar activities and may include portions of a fund or summarize more than one fund to capture the expenses and program revenues associated with a distinct functional activity. Program revenues include (1) charges for services which report fees and other charges to users of the District's services and (2) operating grants and contributions. These revenues are subject to externally imposed restrictions to these program uses. Tax levies and other revenue sources not properly included with program revenues are reported as general revenues.

**Fund Financial Statements**

Fund financial statements are provided for governmental, proprietary and fiduciary funds. The New Jersey Department of Education (the "Department") has elected to require New Jersey districts to treat each governmental fund as a major fund in accordance with the option noted in GASB No. 34, paragraph 76. The Department believes that the presentation of all funds as major is important for public interest and to promote consistency among district financial reporting models.

**C. Measurement Focus, Basis of Accounting and Financial Statement Presentation**

The financial statements of the District are prepared in accordance with generally accepted accounting principles (GAAP). The District's reporting entity applies all relevant Governmental Accounting Standards Board (GASB) pronouncements. The government-wide and proprietary fund financial statements apply Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements, in which case, GASB prevails.

The government-wide statements report using the economic resources measurement focus and the accrual basis of accounting generally including the reclassification or elimination of internal activity (between or within funds). Proprietary and fiduciary fund financial statements also report using this same focus and basis of accounting although internal activity is not eliminated in these statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred regardless of the timing of related cash flows. County tax revenues are recognized in the year for which they are levied while grants are recognized when grantor eligibility requirements are met. The Unemployment Trust Fund recognizes employer and employee contributions in the period in which contributions are due.

Governmental fund financial statements report using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they are both measurable and available. Available means collectible within the current period or soon enough thereafter to apply current liabilities. The District considers revenues to be available if they are collected within 60 days of the end of the fiscal year. Expenditures are recorded when the related fund liability is incurred, except for long-term pension and compensated absences, which are reported as expenditures in the year due.

**NOTE 1:      Summary of Significant Accounting Policies (Continued)**

**C.      Measurement Focus, Basis of Accounting and Financial Statement Presentation (Continued)**

Major revenue sources susceptible to accrual includes Intergovernmental revenues, and the county tax levy. In general, other revenues are recognized when cash is received.

Operating income reported in proprietary fund financial statements includes revenues and expenses related to the primary continuing operations of the fund. Principal operating revenues for proprietary funds are charges to customers for food sales and for services provided to other governmental entities. Principles operating expenses are the costs of providing goods or services and include administrative expenses and depreciation of capital assets. Other revenues and expenses are classified as non-operating in the financial statements.

**D.      Fund Accounting:**

The accounts of the District are maintained in accordance with the principles of fund accounting to ensure observance of limitations and restrictions on the resources available. The principles of fund accounting require that resources be classified for accounting and reporting purposes into funds or account groups in accordance with activities or objectives specified for the resources. Each fund is a separate accounting entity with a self-balancing set of accounts. An account group, on the other hand, is a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not directly affect net expendable available financial resources. Funds are classified into three categories: governmental, proprietary and fiduciary. Each category, in turn, is divided into separate "fund types".

**Governmental Fund Types**

General Fund: The general fund is the general operating fund of the District and is used to account for all expendable financial resources except those required to be accounted for in another fund.

Special Revenue Fund: The District accounts for the proceeds of specific revenue sources (other than expendable trust or major capital projects) that are legally restricted to expenditures for specified purposes in the special revenue funds.

Capital Projects Fund: the capital projects fund is used to account for all financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds).

Debt Service Fund: The debt service fund is used to account for the accumulation of resources for, and the payment of principal and interest on bonds issued to finance major property acquisition, construction and improvement programs.

**NOTE 1: Summary of Significant Accounting Policies (Continued)**

**D. Fund Accounting (Continued):**

**Proprietary Fund Type**

Enterprise Fund: To account for operations that are financed and operated in a manner similar to private business enterprises, in which the intent of the District is that the costs of providing goods or services to the District on a continuing basis be financed or recovered primarily through user charges.

**Fiduciary Fund Types**

Trust and Agency Funds: The trust and agency funds are used to account for assets held by the District on behalf of outside parties, including other governments, or on behalf of other funds within the District.

Unemployment Compensation Trust Fund: The trust fund is used to account for assets held under the terms of a formal trust agreement. The District reimburses the costs of unemployment benefits paid by the New Jersey Department of Labor.

Agency Funds (Payroll and Student Activities Fund): Agency funds are used to account for the assets that the District holds on behalf of others as their agent. Agency funds are custodial in nature and do not involve measurement of results of operations.

**E. Budgets/Budgetary Control:**

Annual appropriated budgets are prepared in the spring of each year for the general, special revenue, and debt service funds. The budgets are submitted to the County office and are voted upon at the annual school election on the third Tuesday in April. Budgets are prepared using the modified accrual basis of accounting; the legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6A:23-2.2(g). All budget amendments must be approved by School Board resolution. Budget amendments during the year ended June 30, 2013 were insignificant.

The Public School Education Act of 1975, limits the annual increase of any district's net current expense budget. The Commissioner of Education certifies the allowable amount for each district but may grant a higher level of increase if he determines that the sums so provided would be insufficient to meet the identified goals and needs of the district or that an anticipated enrollment increase requires additional funds.

The Commissioner must also review every proposed local school district budget for the next school year. He examines every item of appropriations for current expenses and budgeted capital outlay to determine their adequacy in relation to the identified needs and goals of the district. If, in his view, they are insufficient, the Commissioner must order remedial action. If necessary, he is authorized to order changes in the local district budget.

**NOTE 1: Summary of Significant Accounting Policies (Continued)**

**E. Budgets/Budgetary Control (Continued):**

Once a budget is approved, it can be amended by transfers or additional appropriation of fund balances by approval of a majority of the members of the Board. Amendments are presented to the Board at their regular meetings. Each amendment must have Board approval. Such amendments are made before the fact, are reflected in the official minutes of the Board, and are not made after fiscal year-end as dictated by law. Individual transfers were not material in relation to the original appropriations. All uncommitted budget appropriations lapse at year-end.

Formal budgetary integration into the accounting system is employed as a management control device during the year. For governmental funds there are no substantial differences between the budgetary basis of accounting and generally accepted accounting principles with the exception of the special revenue fund as noted below. Encumbrance accounting is also employed as an extension of formal budgetary integration in the governmental fund types. Unencumbered appropriations lapse at fiscal year end.

The accounting records of the special revenue fund are maintained on the grant accounting budgetary basis. The grant accounting budgetary basis differs from GAAP in that the grant accounting budgetary basis recognizes encumbrances as expenditures and also recognizes the related revenues, whereas the GAAP basis does not. Sufficient supplemental records are maintained to allow for the presentation of GAAP basis financial reports.

**F. Encumbrances:**

Under encumbrance accounting purchase orders, contracts and other commitments for the expenditure of resources are recorded to reserve a portion of the applicable appropriation. Open encumbrances in governmental funds other than the special revenue fund are reported as reservations of fund balances at fiscal year end as they do not constitute expenditures or liabilities but rather commitments related to unperformed contracts for goods and services.

Open encumbrances in the special revenue fund for which the District has received advances are reflected in the balance sheet as deferred revenues at fiscal year end.

The encumbered appropriation authority carries over into the next fiscal year. An entry will be made at the beginning of the next fiscal year to increase the appropriation reflected in the certified budget by the outstanding encumbrance amount as of the current fiscal year end.

**G. Short-Term Interfund Receivables/Payables:**

Short-Term interfund receivables/payables represents amounts that are owed, other than charges for good or services rendered to/from a particular fund in the District and that are due within one year.

**H. Inventories and Prepaid Expenses**

Inventories and prepaid expenses, which benefit future periods, are recorded as an expenditure during the year of purchase. The value of inventories remaining at the end of the fiscal year is not included on the balance sheet.



**NOTE 1:      Summary of Significant Accounting Policies (Continued)**

**H.      Inventories and Prepaid Expenses (Continued)**

Enterprise fund inventories are valued at cost, which approximates market, using the first-in-first-out (FIFO) method. Prepaid expenses in the enterprise fund represent payments made to vendors for services that will benefit periods beyond June 30, 2013.

**I.      Capital Assets and Depreciation**

The District's property, buildings and improvements, equipment, vehicles, furniture and fixtures with useful lives of five years or more are stated at historical or estimated historical cost and are reported in the government-wide financial statements. Proprietary Fund capital assets are reported in its respective fund.

The District contracted with an outside service company during the 2012 fiscal year to provide a report with a comprehensive detail of capital assets and depreciation. The report included capital assets purchased during the 2011-2012 fiscal year and prior with a historical cost of \$2,000 or more. Accumulated depreciation prior to fiscal year 2012, fiscal year 2013 depreciation expense, total accumulated depreciation and book values were also provided. The costs of normal maintenance and repairs that do not add to the asset value or materially extend the useful lives are not capitalized. Capital assets are depreciated using the straight-line method. When capital assets are disposed, the cost and applicable accumulated depreciation are removed from the respective accounts. Estimated useful lives, in years, for depreciable assets are as follows:

|                            |         |
|----------------------------|---------|
| Buildings and Improvements | 20 – 50 |
| Equipment and Vehicles     | 5 – 20  |
| Furniture and Fixtures     | 5 – 20  |

Capital asset activity for the year ended June 30, 2013 was as follows:

**NOTE 1: Summary of Significant Accounting Policies (Continued)**

**I. Capital Assets and Depreciation (Continued)**

|   | <u>Balance<br/>July 1, 2012</u> | <u>Additions</u>  | <u>Deletions</u>  | <u>Balance<br/>June 30, 2013</u> |
|---|---------------------------------|-------------------|-------------------|----------------------------------|
| Governmental Activities:  |                                 |                   |                   |                                  |
| Capital Assets that are<br>Not Being Depreciated:                             |                                 |                   |                   |                                  |
| Land  | <u>\$ 149,706</u>               | <u>          </u> | <u>          </u> | <u>149,706</u>                   |
| Total Capital Assets Not<br>Being Depreciated                                 | <u>149,706</u>                  | <u>          </u> | <u>          </u> | <u>149,706</u>                   |
| Depreciable Assets:   |                                 |                   |                   |                                  |
| Buildings & Sites   | 1,165,887                       | 8,308             |                   | 1,174,195                        |
| Equipment   | <u>467,056</u>                  | <u>355,926</u>    | <u>          </u> | <u>822,982</u>                   |
| Totals at Historical Cost   | <u>1,632,943</u>                | <u>364,234</u>    | <u>          </u> | <u>1,997,177</u>                 |
| Less: Accumulated<br>Depreciation for:  |                                 |                   |                   |                                  |
| Buildings   | (855,484)                       | (20,432)          |                   | (875,916)                        |
| Equipment   | <u>(403,911)</u>                | <u>(262,488)</u>  | <u>          </u> | <u>(666,399)</u>                 |
| Total Accumulated<br>Depreciation   | <u>(1,259,395)</u>              | <u>(282,920)</u>  | <u>          </u> | <u>(1,542,315)</u>               |
| Total Capital Assets Being<br>Depreciated, Net of<br>Accumulated Depreciation | <u>373,548</u>                  | <u>81,314</u>     | <u>          </u> | <u>454,862</u>                   |
| Governmental Activities<br>Capital Assets, Net                                | <u>\$ 523,254</u>               | <u>81,314</u>     | <u>          </u> | <u>604,568</u>                   |
| Business-Type Activities:   |                                 |                   |                   |                                  |
| Equipment   | \$ 6,896                        |                   |                   | 6,896                            |
| Less: Accumulated<br>Depreciation:  |                                 |                   |                   |                                  |
| Equipment   | <u>(5,759)</u>                  | <u>(362)</u>      | <u>          </u> | <u>(6,121)</u>                   |
| Business-Type Capital<br>Assets (Net)   | <u>\$ 1,137</u>                 | <u>(362)</u>      | <u>          </u> | <u>775</u>                       |

Depreciation expense was charged to governmental function as follows:

|             |                   |
|-------------|-------------------|
| Unallocated | <u>\$ 282,920</u> |
|-------------|-------------------|

The fixed assets were done by Industrial Appraisal Company which indicated no additions or deletions only depreciation.

**NOTE 1:      Summary of Significant Accounting Policies (Continued)**

**J.      Compensated Absences**

District employees are permitted, within certain limitations, to accrue vacation and sick leave in varying amounts under the Districts personnel policies and may be paid at a later date according to contractual agreements.

The liability for vested compensated absences of the governmental fund types is recorded in the government-wide financial statements as a non-current liability. Governmental funds report only matured compensated absences payable to currently terminating employees and are included in wages and benefits payable.

**K.      Deferred Revenue**

Deferred revenue in the special revenue funds represent cash which has been received but not yet earned or reclassified from encumbrances per GAAP.

**L.      Accrued Salaries and Wages**

Certain District employees, who provide services to the District over the ten-month academic year, have the option to have their salaries evenly disbursed during the entire twelve-month year. New Jersey statutes require that these earned but undisbursed amounts be retained in a separate bank account. As of June 30, 2013, there were no employees optioning for the twelve-month year.

**M.      Fund Equity**

The governmental fund financial statements report reserved fund balance for amounts not available for appropriation or legally restricted for specified purposes. The general fund reserve for restricted purposes includes net assets relating to capital reserve (See Note 7).

**NOTE 2:      Cash and Cash Equivalents and Investments**

Cash and cash equivalents includes petty cash, change funds, amounts in deposits, and short term investments with original maturities of three months or less.

Investments are stated at cost, which approximates market. The District classifies certificates of deposit, which have original maturity dates of more than three months but less than twelve months from the date of purchase, as investments.

**Deposits**

New Jersey statutes require that school districts deposit public funds in public depositories located in New Jersey which are insured by the Federal Deposit Insurance Corporation, the Federal Savings and Loan Insurance Corporation, or by any other agency of the United States that insures deposits made in public depositories. School districts are also permitted to deposit public funds in the State of New Jersey Cash Management Fund.

New Jersey statutes require public depositories to maintain collateral for deposits of public funds that exceed depository insurance limits as follows:

**NOTE 2:      Cash and Cash Equivalents and Investments (Continued)****Deposits (Continued)**

The market value of the collateral must equal at least 5% of the average daily balance of collected public funds on deposit.

In addition to the above collateral requirement, if the public funds deposited exceed 75% of the capital funds of the depository, the depository must provide collateral having a market value at least equal to 100% of the amount exceeding 75%.

All collateral must be deposited with the Federal Reserve Bank of New York, the Federal Reserve Bank of Philadelphia, the Federal Home Loan Bank of New York, or a banking institution that is a member of the Federal Reserve System and has capital funds of not less than \$25,000,000.

**Investments**

New Jersey statutes permit the District to purchase the following types of securities:

- a. Bonds or other obligations of the United States or obligations guaranteed by the United States.
- b. Bonds of any Federal Intermediate Credit Bank, Federal Home Loan Bank, Federal National Mortgage Agency or any United States Bank for cooperatives which have a maturity date not greater than twelve months from the date of purchase.
- c. Bonds or other obligations of the school district.

All bank deposits and investments as of the balance sheet date are classified as to credit risk by the following categories described below:

|       |                   |
|-------|-------------------|
| FDIC  | \$ 250,000        |
| GUDPA | <u>292,128</u>    |
|       | <u>\$ 542,128</u> |

As of June 30, 2013, cash and cash equivalents and investments of the District consisted of the following:

|                                    |                           |
|------------------------------------|---------------------------|
|                                    | <b>Cash and Cash</b>      |
|                                    | <b><u>Equivalents</u></b> |
| Interest Bearing Checking Accounts | <u>\$ 443,132</u>         |

The carrying amount of the Board's cash, cash equivalents and investments at June 30, 2013 was \$443,132 and the bank balance was \$542,128. Of the bank balance \$250,000 was covered by federal depository insurance and \$292,128 was covered by a collateral pool maintained by the banks as required by New Jersey statutes.

**NOTE 3:      General Long-Term Debt**

During the fiscal year ended June 30, 2013, the following changes occurred in liabilities reported in the general long-term debt account group:

|                              | <u>Balance</u><br><u>June 30, 2012</u> | <u>Issued</u> | <u>Retired</u> | <u>Balance</u><br><u>June 30, 2013</u> | <u>Due</u><br><u>Within</u><br><u>One Year</u> |
|------------------------------|--|---------------|----------------|--|--|
| Compensated Absences Payable | \$ <u>42,000</u>                       | <u>0</u>      | <u>0</u>       | <u>42,000</u>                          | <u>0</u>                                       |

**A.      Bonds Payable**

Bonds are authorized in accordance with State law by the voters of the municipality through referendums. All bonds are retired in serial installments within the statutory period of usefulness. Bonds issued by the Board are general obligation bonds. There were no bonds payable.

**B.      Bonds Authorized But Not Issued**

As of June 30, 2013, the Board had no authorized but not issued bonds.

**NOTE 4:      Pension Plans**

**Description of Plans** – All required employees of the District are covered by either the Public Employees' Retirement System or the Teachers' Pension and Annuity Fund which have been established by state statute and are administered by the New Jersey Division of Pension and Benefits (Division). According to the State of New Jersey Administrative Code, all obligations of both Systems will be assumed by the State of New Jersey should the Systems terminate. The Division issues a publicly available financial report that includes the financial statements and required supplementary information for the Public Employees Retirement System and the Teacher's Pension and Annuity Fund. These reports may be obtained by writing to the Division of Pensions and Benefits, PO Box 295, Trenton, New Jersey, 08625.

**Teachers' Pension and Annuity Fund (TPAF)** – The Teachers' Pension and Annuity Fund was established as of January 1, 1955, under the provisions of N.J.S.A. 18A:66 to provide retirement benefits, death, disability and medical benefits to certain qualified members. The Teachers' Pension and Annuity Fund is considered a cost-sharing multiple-employer plan with a special funding situation, as under current statute, all employer contributions are made by the State of New Jersey on behalf of the District and the system's other related non-contributing employers. Membership is mandatory for substantially all teachers or members of the professional staff certified by the State Board of Examiners, and employees of the Department of Education who have titles that are unclassified, professional and certified.

**Public Employees' Retirement System (PERS)** – The Public Employees' Retirement System (PERS) was established as of January 1, 1955 under the provisions of N.J.S.A. 43:15A to provide retirement, death, disability and medical benefits to certain qualified members. The Public Employees Retirement System is a cost-sharing multiple-employer plan. Membership is mandatory for substantially all full-time employees of the State of New Jersey or any county, municipality, school district, or public agency, provided the employee is not required to be a member of another state-administered retirement system or other state or local jurisdiction.

**NOTE 4: Pension Plans (Continued)**

**Vesting and Benefit Provisions** – The vesting and benefit provisions for PERS are set by N.J.S.A. 43:15A and 43.3B, and N.J.S.A. 18A:6C for TPAF. All benefits vest after eight to ten years of service, except for medical benefits that vest after 25 years of service. Retirement benefits for age and service are available at age 60 and are generally determined to be 1/60 of the final average salary for each year of service credit, as defined. Final average salary equals the average salary for the final three years of service prior to retirement (or highest three years' compensation if other than the final three years). Members may seek early retirement after achieving 25 years of service credit or they may elect deferred retirement after achieving eight to ten years of service in which case benefits would begin the first day of the month after the member attains normal retirement age. The TPAF and PERS provide for specified medical benefits for members who retire after achieving 25 years of qualified service, as defined, or under the disability provision of the System.

Members are always fully vested for their own contributions and, after three years of service credit, become vested for 2% of related interest earned on the contribution. In the case of death before retirement, members' beneficiaries are entitled to full interest credited to the members' accounts.

**Significant Legislation** - During the year ended June 30, 1997, legislation was enacted Chapter 114, P.L. 1997) authorizing the New Jersey Economic Development Authority to issue bonds, notes or other obligations for the purpose of financing, in full or in part, the State of New Jersey's portion of the unfunded accrued liability under the State of New Jersey retirement systems. Additional legislation enacted during the year ended June 30, 1997 (Chapter 115, P.L. 1997), changed the asset valuation method from market related value to full-market value. This legislation also contains a provision to reduce the employee contribution rate by ½ of 1% to 4.5% for calendar years 1998 and 1999, and to allow for a reduction in the employee's rate after calendar year 1999, providing excess valuation assets are available. The legislation also provided that the Districts' normal contributions to the Fund may be reduced based on the revaluation of assets. Due to recognition of the bond proceeds and the change in asset valuation method as a result of enactment of Chapters 114 and 115, all unfunded accrued liabilities were eliminated, except for the unfunded liability for local early retirement incentive benefits, accordingly, the pension costs for TPAF and PERS were reduced.

**Contribution Requirements** – The contribution policy is set by N.J.S.A. 43:15A, Chapter 62, P.L. of 1994, Chapter 115, P.L. of 1997 and N.J.S.A. 18:66, and requires contributions by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. TPAF and PERS provide for employee contributions of 5% of employees' annual compensation, as defined. Employers are required to contribute at an actuarially determined rate in both TPAF and PERS. The actuarially determined contribution includes funding for both cost-of-living adjustments, noncontributory death benefits, and post-retirement medical premiums. Under current statute the District is a non-contributing employer of the TPAF.

**NOTE 4:      Pension Plans (Continued)**

| <b><u>Three-Year Trend Information for PERS</u></b> |  |  |                                       |
|---|--|--|---------------------------------------|
| <b>Year<br/>Funding</b>                             | <b>Annual<br/>Pension<br/>Cost (APC)</b> | <b>Percentage<br/>of APC<br/>Contributed</b> | <b>Net<br/>Pension<br/>Obligation</b> |
| 6/30/13   | \$ 15,719                                | 100%   | \$ 0                                  |
| 6/30/12   | 16,873                                   | 100%   | 0                                     |
| 6/30/11   | 13,393                                   | 100%   | 0                                     |

| <b><u>Three-Year Trend Information for TPAF (Paid On-Behalf of the District)</u></b> |  |  |                                       |
|--|--|--|---------------------------------------|
| <b>Year<br/>Funding</b>  | <b>Annual<br/>Pension<br/>Cost (APC)</b> | <b>Percentage<br/>of APC<br/>Contributed</b> | <b>Net<br/>Pension<br/>Obligation</b> |
| 6/30/13  | \$ 176,756                               | 100%   | \$ 0                                  |
| 6/30/12  | 123,901                                  | 100%   | 0                                     |
| 6/30/11  | 128,890                                  | 100%   | 0                                     |

During the fiscal year ended June 30, 2013, the State of New Jersey contributed \$176,756 to the TPAF for normal and post-retirement benefits on behalf of the District. Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the District \$95,036 during the year ended June 30, 2013 for the employer's share of social security contributions for TPAF members, as calculated on their base salaries. This amount has been included in the general-purpose financial statements, and the combining and individual fund and account group statements and schedules as revenue and expenditure in accordance with GASB 24.

**NOTE 5:      Post-Retirement Benefits**

P.L. 1987, c. 384 and P.L. 1990, c.6 required Teachers' Pensions and Annuity Fund (TPAF) and the Public Employees' Retirement System (PERS), respectively, to fund post-retirement medical benefits for those State employees who retire after accumulating 25 years of credited service or on a disability retirement. P.L. 2007, c. 103 amended the law to eliminate the funding of post-retirement medical benefits through the TPAF and PERS. It created separate funds outside of the pension plans for the funding and payment of post-retirement medical benefits for retired State employees and retired educational employees. As of June 30, 2012, there were 97,661 retirees receiving post-retirement medical benefits. The cost of these benefits is funded through contributions by the State in accordance with P.L. 1994, c.62. Funding of post-retirement medical premiums changed from a prefunding basis to a pay-as-you-go basis beginning in Fiscal Year 1994.

The State is also responsible for the cost attributable to P.L. 1992 c. 126, which provides free health benefits to members of PERS and the Alternate Benefit Program who retired from a board of education or county college with 25 years of service. The State paid \$146.6 million toward Chapter 126 benefits for 16,618 eligible retired members in Fiscal Year 2012.

**NOTE 6:      Contingent Liabilities**

It is the opinion of the school board officials that there is no litigation threatened or pending that would materially affect the financial position of the school district.

**NOTE 7:      Equity Balance**

At June 30, 2013, the General Fund equity balance was as follows:

|  |                   |
|--|-------------------|
| Restricted Fund Balance:                                       |                   |
| Maintenance Reserve  | \$ 30,000         |
| Excess Surplus   | 56,187            |
| Capital Reserve  | 30,876            |
| Assigned Fund Balance:   |                   |
| Year-End Encumbrances  | 4,825             |
| Designated for Subsequent Year's Expenditures                  | 68,068            |
| Designated for Subsequent Year's Expenditures – Excess Surplus | 47,636            |
| Unassigned fund Balance  | <u>262,277</u>    |
|  | <u>\$ 499,869</u> |

Reserved excess surplus represents a calculation under N.J.S.A. 18A:7F-7 which identifies an amount of surplus under the statute which must be restricted for use in the next succeeding budget.

**2% Calculation of Excess Surplus**

|  |                     |
|--|---------------------|
| 2012-13 Total General Fund Expenditures Per the CAFR | \$ 2,610,536        |
| Decreased by:  |                     |
| On-Behalf TPAF Pension & Social Security             | <u>(271,792)</u>    |
| Adjusted 2012-13 General Fund Expenditures           | <u>\$ 2,338,744</u> |
| 2% of Adjusted 2012-13 General Fund Expenditures     | <u>\$ 46,775</u>    |
| Enter Greater of Above or \$250,000                  | \$ 250,000          |
| Increased by Allowable Adjustment                    | <u>12,277</u>       |
| Maximum Unassigned Fund Balance                      | <u>\$ 262,277</u>   |



**NOTE 7: Equity Balance (Continued)****Section 2**

|   |            |
|---|------------|
| Total General Fund – Fund Balance @ 6-30-13 | \$ 499,869 |
|---|------------|

Decreased by:

|   |                 |
|---|-----------------|
| Designated for Subsequent Years Expenditures                  | (68,068)        |
| Designated for Subsequent Years Expenditures – Excess Surplus | (47,636)        |
| Year End Encumbrances   | (4,825)         |
| Capital Reserve   | <u>(60,876)</u> |

|                               |                   |
|-------------------------------|-------------------|
| Total Unassigned Fund Balance | <u>\$ 318,464</u> |
|-------------------------------|-------------------|

|  |                  |
|--|------------------|
| Restricted Fund Balance – Excess Surplus | <u>\$ 56,187</u> |
|--|------------------|

**Detail of Allowable Adjustments**

|                           |                  |
|---------------------------|------------------|
| Extraordinary Aid         | \$ 11,000        |
| Non-Public Transportation | <u>1,277</u>     |
|                           | <u>\$ 12,277</u> |

**Detail of Other Restricted Fund Balance**

|                     |                  |
|---------------------|------------------|
| Maintenance Reserve | \$ 30,000        |
| Capital Reserve     | <u>30,876</u>    |
|                     | <u>\$ 60,876</u> |

**NOTE 8: Risk Management**

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

**Property and Liability Insurance** – The District maintains commercial insurance coverage for property, liability, student accident and surety bonds.

**New Jersey Unemployment Compensation Insurance** – The District has elected to fund its New Jersey Unemployment Compensation Insurance under the “Benefit Reimbursement Method”. Under this plan, the District is required to reimburse the New Jersey Unemployment Trust Fund for benefits paid to its former employees and charged to its account with the State. The District is billed quarterly for amounts due the State. The following is a summary of District contributions, employee contributions, reimbursements to the State for benefits paid and the ending balance of the District’s expendable trust fund for the current year:

| <u>Fiscal Year</u> | <u>District Contributions</u> | <u>Employee Contributions</u> | <u>Reimbursed</u> | <u>Ending Balance</u> |
|--------------------|-------------------------------|-------------------------------|-------------------|-----------------------|
| 2012-2013          | \$                            | 9,995                         | 2,568             | 14,961                |
| 2011-2012          | -0-                           | 4,968                         | 2,745             | 7,534                 |
| 2010-2011          | -0-                           | 6,217                         | 6,447             | 5,311                 |

**NOTE 9:     Capital Reserve Account**

A Capital Reserve account was established by the Borough of Farmingdale Board of Education for the accumulation of funds for use as capital outlay expenditures in subsequent fiscal years. The capital reserve account is maintained in the general fund and its activity is included in the general fund annual budget.

Fund placed in the capital reserve account are restricted to capital projects in the district's approved Long Range Facilities Plan (LRFP) and updated annually in the Quality Assurance Annual Report (QAAR). Upon submission of the LRFP to the department, a district may deposit funds into the capital reserve at any time upon board resolution through the transfer of undesignated, unreserved general fund balance or of excess undesignated, unreserved general fund balance that is anticipated in the budget certified for taxes. Pursuant to N.J.A.C. 6:23A-5.1(d) 7, the balance in the account cannot at any time exceed the local support costs of uncompleted capital projects in its approved LRFP.

"A board of education may, by resolution of the board: transfer undesignated general fund balance or excess undesignated general fund balance to the capital reserve account at any time during the budget year; transfer funds from the capital reserve account to the appropriate line item account for the funding of capital projects as contained in the district's long-range facilities plan; and transfer funds from the capital reserve account to the debt service account for the purpose of offsetting principal and interest payments for bonded projects which are included in the district's long-range facilities plan." (N.J.S.A. 18A:7G-31c).

Withdrawals may not be used for current expense. Only funds in a capital reserve account in existence prior to July 18, 2000 can be withdrawn before receiving approval of the district's LRFP and such withdrawals must be for the original purpose deposited. (N.J.A.C. 6:23A-5.1(f)1).

"Any capital reserve account in existence as of July 18, 2000 shall be subject to EFCFA and these regulations." (N.J.A.C. 6:23A-5.1(j)).

|                       |                  |
|-----------------------|------------------|
| Balance July 1, 2012  | \$ 30,723        |
| Interest Earned       | <u>153</u>       |
| Balance June 30, 2013 | <u>\$ 30,876</u> |

**NOTE 10:     Fund Balance Appropriated**

**General Fund** – Of the \$499,869 General Fund balance at June 30, 2013, \$30,000 is Maintenance Reserve; \$30,876 is Capital Reserve; \$4,825 is assigned for year end encumbrances; \$56,187 is excess surplus; \$47,636 is excess surplus designated for subsequent years expenditures; \$68,068 is designated by the Board of Education for subsequent year's expenditures; and \$262,277 is unreserved and undesignated.

**NOTE 11:     Economic Dependency**

The District receives a substantial amount of its support from federal and state governments. A significant reduction in the level of support, if this were to occur, may have an effect on the District's programs and activities.

**NOTE 12: Operating Leases**

The District had a lease on two copiers originating in 2011. The lease is for 48 months from December 28, 2011 to November 28, 2015 at \$411 per month. Payment schedule June 30, 2013:

|                |                  |
|----------------|------------------|
| 2013-14        | \$ 4,932         |
| 2014-15        | 4,932            |
| 2015-16        | <u>2,055</u>     |
|                | 11,919           |
| Less Interest  | <u>883</u>       |
| Net Lease Cost | <u>\$ 11,036</u> |

**NOTE 13: Recent Accounting Pronouncements**

In June 2009, the FASB issued FASB ASC 105, Generally Accepted Accounting Principles, which establishes the FASB Accounting Standards Codification as the sole source of authoritative generally accepted accounting principles. Pursuant to the provisions of FASB ASC 105, the District has updated references to GAAP in its financial statements issued for the period ended June 30, 2012. The adoption of FASB ASC 105 did not impact the District's financial position or results of operations.

In May 2009, the FASB updated ASC 855, Subsequent Events, which is effective for reporting periods ending after June 15, 2009. ASC 855 establishes general standards of accounting for and disclosure of events that occur after the balance sheet date, but before the financial statements are issued, or are available to be issued. The District adopted the amended sections of ASC 855 and it did not have an impact on the District's financial statements. The District evaluated all events or transactions that occurred after June 30, 2013 through October 9, 2013.

**REQUIRED SUPPLEMENTARY INFORMATION**  
**PART II**

**BUDGETARY COMPARISON SCHEDULES – C**

**FARMINGDALE SCHOOL DISTRICT**

Exhibit C-1  
Sheet 1 of 7

**BUDGETARY COMPARISON SCHEDULE**

**GENERAL FUND**

**JUNE 30, 2013**

|   | <b><u>Original<br/>Budget</u></b> | <b><u>Budget<br/>Transfers</u></b> | <b><u>Final<br/>Budget</u></b> | <b><u>Actual</u></b> | <b><u>Variance<br/>Final to<br/>Actual</u></b> |
|---|-----------------------------------|------------------------------------|--------------------------------|----------------------|--|
| Revenues:   |                                   |                                    |                                |                      |  |
| Local Sources:  |                                   |                                    |                                |                      |  |
| Local Tax Levy  | \$ 1,555,833                      |                                    | 1,555,833                      | 1,555,883            | 50   |
| Tuition   | 10,000                            |                                    | 10,000                         | 13,960               | 3,960  |
| Interest  | 3,000                             |                                    | 3,000                          | 2,587                | (413)  |
| Miscellaneous   |                                   |                                    | -                              | 5,572                | 5,572  |
| Total Local Sources   | <u>1,568,833</u>                  | <u>-</u>                           | <u>1,568,833</u>               | <u>1,578,002</u>     | <u>9,169</u>                                   |
| State Sources:  |                                   |                                    |                                |                      |  |
| Equalization Aid  | 479,565                           |                                    | 479,565                        | 479,565              | -  |
| Adjustment Aid  | 180,573                           |                                    | 180,573                        | 180,573              | -  |
| Security Aid  | 14,382                            |                                    | 14,382                         | 14,382               | -  |
| Transportation Aid  | 2,793                             |                                    | 2,793                          | 2,793                | -  |
| Special Education Aid   | 81,329                            |                                    | 81,329                         | 81,329               | -  |
| Extraordinary Aid   |                                   |                                    |                                | 11,000               | 11,000   |
| Non Public Transportation                                       |                                   |                                    | -                              | 1,277                | 1,277  |
| On-behalf TPAF Pension Contributions<br>(Non-Budgeted)          |                                   |                                    | -                              | 176,756              | 176,756  |
| Reimbursed TPAF Social Security<br>Contributions (Non-Budgeted) |                                   |                                    | -                              | 95,036               | 95,036   |
| Total State Sources   | <u>758,642</u>                    | <u>-</u>                           | <u>758,642</u>                 | <u>1,042,711</u>     | <u>284,069</u>                                 |
| Total Revenues  | <u>2,327,475</u>                  | <u>-</u>                           | <u>2,327,475</u>               | <u>2,620,713</u>     | <u>293,238</u>                                 |

**FARMINGDALE SCHOOL DISTRICT**

Exhibit C-1  
Sheet 2 of 7

**BUDGETARY COMPARISON SCHEDULE**

**GENERAL FUND**

**JUNE 30, 2013**

|  | <b><u>Original<br/>Budget</u></b> | <b><u>Budget<br/>Transfers</u></b> | <b><u>Final<br/>Budget</u></b> | <b><u>Actual</u></b> | <b><u>Variance<br/>Final to<br/>Actual</u></b> |
|--|-----------------------------------|------------------------------------|--------------------------------|----------------------|--|
| Expenditures:  |                                   |                                    |                                |                      |  |
| Current Expense:                                       |                                   |                                    |                                |                      |  |
| Instruction - Regular Programs:                        |                                   |                                    |                                |                      |  |
| Salaries of Teachers:                                  |                                   |                                    |                                |                      |  |
| Preschool  | 24,171                            | 140                                | 24,311                         | 24,311               | -  |
| Kindergarten   | 28,928                            | 16,752                             | 45,680                         | 45,680               | -  |
| Grades 1-5   | 409,758                           | (23,558)                           | 386,200                        | 383,842              | 2,358  |
| Grades 6-8   | 295,682                           | (5,528)                            | 290,154                        | 280,777              | 9,377  |
| Regular Programs - Undistributed Instruction           |                                   |                                    |                                |                      |  |
| General Supplies                                       | 28,600                            | -                                  | 28,600                         | 28,196               | 404  |
| Textbooks  | 9,000                             | 6,244                              | 15,244                         | 14,287               | 957  |
| Total Regular Programs - Instruction                   | 796,139                           | (5,950)                            | 790,189                        | 777,093              | 13,096   |
| Resource Room/Resource Center:                         |                                   |                                    |                                |                      |  |
| Salaries of Teachers                                   | 314,120                           | 7,463                              | 321,583                        | 321,583              | -  |
| Total Special Education                                | 314,120                           | 7,463                              | 321,583                        | 321,583              | -  |
| School Sponsored Co-Curricular Activities-Instruction: |                                   |                                    |                                |                      |  |
| Other Objects  | 5,000                             | -                                  | 5,000                          | 4,961                | 39   |
| Before and After School Instruction:                   |                                   |                                    |                                |                      |  |
| Teachers Salaries                                      | 3,000                             | -                                  | 3,000                          | 2,038                | 962  |

**FARMINGDALE SCHOOL DISTRICT**

Exhibit C-1  
Sheet 3 of 7

**BUDGETARY COMPARISON SCHEDULE**

**GENERAL FUND**

**JUNE 30, 2013**

|   | <b><u>Original<br/>Budget</u></b> | <b><u>Budget<br/>Transfers</u></b> | <b><u>Final<br/>Budget</u></b> | <b><u>Actual</u></b> | <b><u>Variance<br/>Final to<br/>Actual</u></b> |
|---|-----------------------------------|------------------------------------|--------------------------------|----------------------|--|
| Summer School:                                  |                                   |                                    |                                |                      |  |
| Salaries  | 3,000                             | -                                  | 3,000                          |                      | 3,000  |
| Total Instruction                               | 1,121,259                         | 1,513                              | 1,122,772                      | 1,105,675            | 17,097   |
| Attendance and Social Work Services:            |                                   |                                    |                                |                      |  |
| Salaries  | 35,900                            | -                                  | 35,900                         | 35,900               | -  |
| Health Services:                                |                                   |                                    |                                |                      |  |
| Salaries  | 78,975                            | 1,173                              | 80,148                         | 80,148               | -  |
| Other Purchased Services                        | 2,000                             | (1,173)                            | 827                            | 825                  | 2  |
| Supplies and Materials                          | 800                               | -                                  | 800                            | 396                  | 404  |
| Total Health Services                           | 81,775                            | -                                  | 81,775                         | 81,369               | 406  |
| Other Support Services Students:                |                                   |                                    |                                |                      |  |
| Purchased Professional Educational Services     | 80,222                            | (5,704)                            | 74,518                         | 58,751               | 15,767   |
| Other Support Services Students-Special:        |                                   |                                    |                                |                      |  |
| Salaries  | 59,425                            | 5,704                              | 65,129                         | 65,129               | -  |
| Other Support Services - Students Regular:      |                                   |                                    |                                |                      |  |
| Salaries - Secretarial and Clerical             | 24,161                            | -                                  | 24,161                         | 23,990               | 171  |
| Purchased Professional- Educational Services    | 87,440                            | (7,301)                            | 80,139                         | 44,590               | 35,549   |
| Total Other Support Services - Students Regular | 111,601                           | (7,301)                            | 104,300                        | 68,580               | 35,720   |



**FARMINGDALE SCHOOL DISTRICT**

Exhibit C-1  
Sheet 4 of 7

**BUDGETARY COMPARISON SCHEDULE**

**GENERAL FUND**

**JUNE 30, 2013**

|   | <b><u>Original<br/>Budget</u></b> | <b><u>Budget<br/>Transfers</u></b> | <b><u>Final<br/>Budget</u></b> | <b><u>Actual</u></b> | <b><u>Variance<br/>Final to<br/>Actual</u></b> |
|---|-----------------------------------|------------------------------------|--------------------------------|----------------------|--|
| Educational Media Services/School Library:      |                                   |                                    |                                |                      |  |
| Salaries  | 27,750                            | 2,871                              | 30,621                         | 30,621               | -  |
| Purchased Professional & Technical Services     | 2,682                             | -                                  | 2,682                          | 2,682                | -  |
| Supplies and Materials                          | 92,530                            | (1,365)                            | 91,165                         | 88,036               | 3,129  |
| Total Educational Media Services School Library | <u>122,962</u>                    | <u>1,506</u>                       | <u>124,468</u>                 | <u>121,339</u>       | <u>3,129</u>                                   |
| Educational Staff Training Services             |                                   |                                    |                                |                      |  |
| Purchased Professional Staff Training Services  | 11,330                            | 2,480                              | 13,810                         | 8,985                | 4,825  |
| Support Services General Administration:        |                                   |                                    |                                |                      |  |
| Salaries  | 71,963                            | (314)                              | 71,649                         | 71,649               | -  |
| Legal Services                                  | 6,500                             | 3,156                              | 9,656                          | 9,656                | -  |
| Audit Fees                                      | 7,500                             | (100)                              | 7,400                          | 7,400                | -  |
| Communications/Telephone                        | 3,000                             | -                                  | 3,000                          | 2,950                | 50   |
| Other Purchased Services                        | 2,000                             | -                                  | 2,000                          | 1,864                | 136  |
| Miscellaneous Expenditures                      | 13,550                            | 14,224                             | 27,774                         | 11,108               | 16,666   |
| BOE Membership Dues And Fees                    | 2,300                             | -                                  | 2,300                          | 2,243                | 57   |
| Total Support Services General Administration   | <u>106,813</u>                    | <u>16,966</u>                      | <u>123,779</u>                 | <u>106,870</u>       | <u>16,909</u>                                  |
| Support Services - School Administration:       |                                   |                                    |                                |                      |  |
| Salaries of Principals/Assistant Principals     | 61,739                            | -                                  | 61,739                         | 61,653               | 86   |
| Support Services - Central Services:            |                                   |                                    |                                |                      |  |
| Salaries  | 40,600                            | -                                  | 40,600                         | 40,600               | -  |
| Purchased Technical Services                    | 15,000                            | 404                                | 15,404                         | 15,404               | -  |
| Total Support Services - Central Services       | <u>55,600</u>                     | <u>404</u>                         | <u>56,004</u>                  | <u>56,004</u>        | <u>-</u>                                       |

**FARMINGDALE SCHOOL DISTRICT**

**BUDGETARY COMPARISON SCHEDULE**

Exhibit C-1  
Sheet 5 of 7

**GENERAL FUND**

**JUNE 30, 2013**

|  | <b><u>Original<br/>Budget</u></b> | <b><u>Budget<br/>Transfers</u></b> | <b><u>Final<br/>Budget</u></b> | <b><u>Actual</u></b> | <b><u>Final to<br/>Actual</u></b> |
|--|-----------------------------------|------------------------------------|--------------------------------|----------------------|-----------------------------------|
| Required Maintenance of Plant Services:<br>Cleaning, Repair and Maintenance Services | 87,112                            | 5,718                              | 92,830                         | 92,806               | 24                                |
| Other Operations and Maintenance of Plant:   |                                   |                                    |                                |                      |                                   |
| Salaries   | 41,236                            | 2,258                              | 43,494                         | 42,952               | 542                               |
| Other Purchased Property Services  | 2,100                             | -                                  | 2,100                          | 1,789                | 311                               |
| Insurance  | 37,000                            | 161                                | 37,161                         | 37,161               | -                                 |
| General Supplies   | 11,000                            | -                                  | 11,000                         | 10,896               | 104                               |
| Energy (Heat & Electricity)  | 40,000                            | (11,360)                           | 28,640                         | 21,076               | 7,564                             |
| Natural Gas  | 20,000                            | -                                  | 20,000                         | 14,525               | 5,475                             |
| Other Objects  | 3,800                             | 67                                 | 3,867                          | 3,867                | -                                 |
| Total Other Operations and Maintenance of Plant                                      | 155,136                           | (8,874)                            | 146,262                        | 132,266              | 13,996                            |
| Care and Upkeep of Grounds:  |                                   |                                    |                                |                      |                                   |
| Salaries   | 11,947                            | -                                  | 11,947                         | 11,946               | 1                                 |
| Total Operations and Maintenance of Plant  | 254,195                           | (3,156)                            | 251,039                        | 237,018              | 14,021                            |
| Security:  |                                   |                                    |                                |                      |                                   |
| Purchased Professional and technical Services  | 700                               | 373                                | 1,073                          | 918                  | 155                               |
| Student Transportation Services:   |                                   |                                    |                                |                      |                                   |
| Contracted Services - Other Than Between Home<br>and School                          | 6,000                             | -                                  | 6,000                          | 5,053                | 947                               |
| Contracted Services - Non Public   | 3,500                             | 3,457                              | 6,957                          | 6,957                | -                                 |
| Total Student Transportation Services  | 9,500                             | 3,457                              | 12,957                         | 12,010               | 947                               |

**FARMINGDALE SCHOOL DISTRICT**

Exhibit C-1  
Sheet 6 of 7

**BUDGETARY COMPARISON SCHEDULE**

**GENERAL FUND**

**JUNE 30, 2013**

|  | <b><u>Original<br/>Budget</u></b> | <b><u>Budget<br/>Transfers</u></b> | <b><u>Final<br/>Budget</u></b> | <b><u>Actual</u></b> | <b><u>Variance<br/>Final to<br/>Actual</u></b> |
|--|-----------------------------------|------------------------------------|--------------------------------|----------------------|--|
| Unallocated Benefits:  |                                   |                                    |                                |                      |  |
| Social Security Contribution                                 | 23,500                            | (1,070)                            | 22,430                         | 21,889               | 541  |
| Other Retirement Contributions - PERS                        | 17,000                            | -                                  | 17,000                         | 15,719               | 1,281  |
| Other Retirement Contributions - ERIP                        | 7,500                             | (440)                              | 7,060                          | 6,750                | 310  |
| Unemployment Compensation                                    | 10,000                            | (6,000)                            | 4,000                          | 3,369                | 631  |
| Health Benefits  | 242,614                           | 12,392                             | 255,006                        | 255,039              | (33)   |
| Tuition Reimbursements                                       | 10,000                            | 1,070                              | 11,070                         | 11,070               | -  |
| Other Employee Benefits                                      | 3,700                             | 713                                | 4,413                          | 4,413                | -  |
| Total Unallocated Benefits                                   | <u>314,314</u>                    | <u>6,665</u>                       | <u>320,979</u>                 | <u>318,249</u>       | <u>2,730</u>                                   |
| On-behalf TPAF Pension Contributions (Non-Budgeted)          |                                   | -                                  |                                | 176,756              | (176,756)                                      |
| Reimbursed TPAF Social Security Contributions (Non-Budgeted) |                                   | -                                  | -                              | 95,036               | (95,036)                                       |
| Total  |                                   |                                    |                                | <u>271,792</u>       | <u>(271,792)</u>                               |
| Total Undistributed Expenditures                             | <u>1,306,076</u>                  | <u>18,914</u>                      | <u>1,313,660</u>               | <u>1,504,567</u>     |  |
| Total Expenditures - Current Expense                         | <u>2,427,335</u>                  | <u>20,427</u>                      | <u>2,436,432</u>               | <u>2,610,242</u>     | <u>17,097</u>                                  |
| Capital Outlay:  |                                   |                                    |                                |                      |  |
| Facilities Acquisition and Construction Services:            |                                   |                                    |                                |                      |  |
| Other Objects  | 294                               |                                    | 294                            | 294                  |  |
| Total Capital Outlay   | <u>294</u>                        | <u>-</u>                           | <u>294</u>                     | <u>294</u>           | <u>-</u>                                       |

**FARMINGDALE SCHOOL DISTRICT**

Exhibit C-1  
Sheet 7 of 7

**BUDGETARY COMPARISON SCHEDULE**

**GENERAL FUND**

**JUNE 30, 2013**

|   | <b><u>Original<br/>Budget</u></b> | <b><u>Budget<br/>Transfers</u></b> | <b><u>Final<br/>Budget</u></b> | <b><u>Actual</u></b> | <b><u>Variance<br/>Final to<br/>Actual</u></b> |
|---|-----------------------------------|------------------------------------|--------------------------------|----------------------|--|
| Total Expenditures  | 2,427,629                         | 20,427                             | 2,436,726                      | 2,610,536            | 17,097   |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | (100,154)                         | (20,427)                           | (109,251)                      | 10,177               | 276,141  |
| Fund Balance July 1                                       | 489,692                           |                                    | 489,692                        | 489,692              |  |
| Fund Balance June 30                                      | \$ 389,538                        | (20,427)                           | 380,441                        | 499,869              | 276,141  |
| Recapitulation:   |                                   |                                    |                                |                      |  |
| Restricted Fund Balance:                                  |                                   |                                    |                                |                      |  |
| Designated For Subsequent Years Expenditures -            |                                   |                                    |                                |                      |  |
| Excess Surplus  |                                   |                                    |                                | \$ 47,636            |  |
| Maintenance Reserve                                       |                                   |                                    |                                | 30,000               |  |
| Excess Surplus  |                                   |                                    |                                | 56,187               |  |
| Capital Reserve   |                                   |                                    |                                | 30,876               |  |
| Assigned Fund Balance:                                    |                                   |                                    |                                |                      |  |
| Year End Encumbrances                                     |                                   |                                    |                                | 4,825                |  |
| Designated For Subsequent Years Expenditures              |                                   |                                    |                                | 68,068               |  |
| Unassigned  |                                   |                                    |                                | 262,277              |  |
|   |                                   |                                    |                                | 499,869              |  |
| Reconciliation to Governmental Funds Statement (GAAP):    |                                   |                                    |                                |                      |  |
| Final State Aid Payments Not Recognized on GAAP Basis     |                                   |                                    |                                | (75,832)             |  |
| Fund Balance Per Governmental Funds (GAAP)                |                                   |                                    |                                | \$ 424,037           |  |

FARMINGDALE SCHOOL DISTRICT

BUDGETARY COMPARISON SCHEDULE

Exhibit C-2

SPECIAL REVENUE FUND

FOR THE YEAR ENDED JUNE 30, 2013

|   | Original<br>Budget | Budget<br>Transfers | Final<br>Budget | Actual | Variance<br>Final to<br>Actual |
|---|--------------------|---------------------|-----------------|--------|--------------------------------|
| Revenues:                                     |                    |                     |                 |        |                                |
| Federal Sources                               | \$ 54,827          | 14,859              | 69,686          | 69,686 |                                |
| Total Revenues                                | \$ 54,827          | 14,859              | 69,686          | 69,686 | -                              |
| Expenditures:                                 |                    |                     |                 |        |                                |
| Instruction:                                  |                    |                     |                 |        |                                |
| Salaries of Teachers                          | \$ 20,000          | 1,765               | 21,765          | 21,765 |                                |
| Purchased Professional and Technical Services | 34,827             | 12,367              | 47,194          | 47,194 |                                |
| Supplies                                      |                    | 364                 | 364             | 364    |                                |
| Total Instruction                             | 54,827             | 14,496              | 69,323          | 69,323 | -                              |
| Support Services:                             |                    |                     |                 |        |                                |
| Supplies                                      |                    | 363                 | 363             | 363    |                                |
| Total Expenditures                            | \$ 54,827          | 14,859              | 69,686          | 69,686 | -                              |

**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**

**FARMINGDALE SCHOOL DISTRICT****REQUIRED SUPPLEMENTARY INFORMATION****BUDGET-TO-GAAP RECONCILIATION****NOTE RSI****FOR THE YEAR ENDED JUNE 30, 2013**

|  | <b><u>General<br/>Fund</u></b> | <b><u>Special<br/>Revenue<br/>Fund</u></b> |
|--|--------------------------------|--|
| <b><u>Sources/Inflows of Resources</u></b>   |                                |  |
| Actual amounts (budgetary) "revenues" from the budgetary basis   | \$ 2,620,713                   | 69,686                                     |
| Difference-budget to GAAP:   |                                |  |
| Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized  |                                |  |
| The last state aid payment is recognized as revenue for budgetary purposes and differs from GAAP which does not recognize this revenue until the subsequent year when the state recognizes the related expense (GASB 33) | 74,678                         |  |
| Delayed State Aid Received   | <u>(75,832)</u>                |  |
| Total revenues as reported on the statement of revenues, expenditures and changes in fund balance - governmental funds   | <u>\$ 2,619,559</u>            | <u>69,686</u>                              |
| <b><u>Uses/Outflows of Resources</u></b>   |                                |  |
| Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule   | <u>\$ 2,610,536</u>            | <u>69,686</u>                              |
| Differences - Budget to GAAP:  |                                |  |
| Encumbrances for Supplies and Equipment Ordered but not Received are Reported in the Year the Order is Placed for Budgetary Purposes, but in the Year the Supplies are Received for Financial Reporting Purposes         |                                |  |
| Total expenditures as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds  | <u>\$ 2,610,536</u>            | <u>69,686</u>                              |

## **OTHER SUPPLEMENTARY INFORMATION**



**SCHOOL LEVEL SCHEDULES – D**

**N/A**

**SPECIAL REVENUE FUND – E**

**FARMINGDALE SCHOOL DISTRICT**

**SPECIAL REVENUE FUND**

Exhibit E-1

**COMBINING SCHEDULE OF PROGRAM REVENUES AND EXPENDITURES - BUDGETARY BASIS**

**FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

|  | I.D.E.A.<br>Basic | I.D.E.A.<br>Preschool | Title I - Part A |              | Title IIA    | Total         |
|--|-------------------|-----------------------|------------------|--------------|--------------|---------------|
|  |                   |                       | 2012-13          | 2011-12      |              |               |
| Revenues:  |                   |                       |                  |              |              |               |
| Federal Sources                                  | \$ 41,160         | 727                   | 18,711           | 3,054        | 6,034        | 69,686        |
| Total Revenues                                   | <u>\$ 41,160</u>  | <u>727</u>            | <u>18,711</u>    | <u>3,054</u> | <u>6,034</u> | <u>69,686</u> |
| Expenditures:                                    |                   |                       |                  |              |              |               |
| Instruction:                                     |                   |                       |                  |              |              |               |
| Salaries of Teachers                             | \$ -              |                       | 18,711           | 3,054        |              | 21,765        |
| Purchased Professional and<br>Technical Services | 41,160            |                       |                  |              | 6,034        | 47,194        |
| Supplies   |                   | 364                   |                  |              |              | 364           |
| Total Instruction                                | <u>41,160</u>     | <u>364</u>            | <u>18,711</u>    | <u>3,054</u> | <u>6,034</u> | <u>69,323</u> |
| Support Services                                 |                   |                       |                  |              |              |               |
| Supplies   |                   | 363                   |                  |              |              | 363           |
| Total Expenditures                               | <u>\$ 41,160</u>  | <u>727</u>            | <u>18,711</u>    | <u>3,054</u> | <u>6,034</u> | <u>69,686</u> |

**CAPITAL PROJECTS FUND – F**

**N/A**

**PROPRIETARY FUNDS – G**

**FARMINGDALE SCHOOL DISTRICT****COMBINING SCHEDULE OF NET POSITION**

Exhibit G-1

**PROPRIETARY FUNDS****JUNE 30, 2013**

|                            | Business-Type Activities<br>Enterprise Fund |                      |                | Totals        |
|----------------------------|---|----------------------|----------------|---------------|
|                            | Food<br>Service                             | Latch-Key<br>Program | Pay to<br>Play |               |
| <b><u>Assets</u></b>       |   |                      |                |               |
| Current Assets:            |   |                      |                |               |
| Cash and Cash Equivalents  | \$ 2,892                                    | 4,609                | 773            | 8,274         |
| Accounts Receivable:       |   |                      |                |               |
| Federal Aid                | 3,319                                       |                      |                | 3,319         |
| State Aid                  | 82  |                      |                | 82            |
| Total Current Assets       | <u>6,293</u>                                | <u>4,609</u>         | <u>773</u>     | <u>11,675</u> |
| Noncurrent Assets:         |   |                      |                |               |
| Equipment                  | 6,896                                       |                      |                | 6,896         |
| Accumulated Depreciation   | (6,121)                                     |                      |                | (6,121)       |
| Total Fixed Assets         | <u>775</u>                                  |                      |                | <u>775</u>    |
| Total Assets               | <u>7,068</u>                                | <u>4,609</u>         | <u>773</u>     | <u>12,450</u> |
| <b><u>Net Position</u></b> |   |                      |                |               |
| Unreserved                 | <u>\$ 7,068</u>                             | <u>4,609</u>         | <u>773</u>     | <u>12,450</u> |
| Total Net Position         | <u>\$ 7,068</u>                             | <u>4,609</u>         | <u>773</u>     | <u>12,450</u> |

COMBINING SCHEDULE OF REVENUES, EXPENSES AND

Exhibit G-2

CHANGES IN FUND NET POSITIONPROPRIETARY FUNDSFOR THE YEAR ENDED JUNE 30, 2013

|                               | Business-Type Activities |                   |             |          |
|-------------------------------|--------------------------|-------------------|-------------|----------|
|                               | Enterprise Fund          |                   |             |          |
|                               | Food Service             | Latch-Key Program | Pay To Play | Totals   |
| Operating Revenues:           |                          |                   |             |          |
| Charge for Services:          |                          |                   |             |          |
| Daily Sales                   | \$ 12,163                |                   |             | 12,163   |
| Tuition                       |                          |                   | 3,100       | 3,100    |
| Total Operating Revenues      | 12,163                   | -                 | 3,100       | 15,263   |
| Operating Expenses:           |                          |                   |             |          |
| Salaries                      |                          |                   | 3,603       | 3,603    |
| Depreciation                  | 362                      |                   |             | 362      |
| Cost of Sales                 | 32,044                   |                   |             | 32,044   |
| Total Operating Expenses      | 32,406                   | -                 | 3,603       | 36,009   |
| Operating Loss                | (20,243)                 |                   | (503)       | (20,746) |
| Non-Operating Revenues:       |                          |                   |             |          |
| Interest Income               | 24                       |                   |             | 24       |
| State School Lunch Program    | 488                      |                   |             | 488      |
| National School Lunch Program | 19,784                   |                   |             | 19,784   |
| Total Non-Operating Revenues  | 20,296                   |                   |             | 20,296   |
| Change in Net Position        | 53                       | -                 | (503)       | (450)    |
| Net Position, July 1          | 7,015                    | 4,609             | 1,276       | 12,900   |
| Net Position, June 30         | \$ 7,068                 | 4,609             | 773         | 12,450   |

**FARMINGDALE SCHOOL DISTRICT**

59.

**COMBINING SCHEDULE OF CASH FLOWS**

Exhibit G-3

**PROPRIETARY FUNDS****FOR THE YEAR ENDED JUNE 30, 2013**

|   | <b>Business-Type Activities</b> |                  |               |               |
|---|---------------------------------|------------------|---------------|---------------|
|   | <b>Enterprise Fund</b>          |                  |               |               |
|   | <b>Food</b>                     | <b>Latch-Key</b> | <b>Pay To</b> |               |
|   | <b>Service</b>                  | <b>Program</b>   | <b>Play</b>   | <b>Totals</b> |
| Cash Flows from Operating Activities:                   |                                 |                  |               |               |
| Receipts from Customers                                 | \$ 12,163                       |                  | 3,100         | 15,263        |
| Payments for Supplies                                   | (32,044)                        |                  | (3,603)       | (35,647)      |
| Total Cash Flows from Operating Activities              | (19,881)                        | -                | (503)         | (20,384)      |
| Cash Flows For Noncapital Financing Activities          |                                 |                  |               |               |
| Federal and State Subsidies                             | 17,432                          |                  |               | 17,432        |
| Total Cash Flows For Noncapital Financing Activities    | 17,432                          | -                | -             | 17,432        |
| Cash Flows For Investing Activities                     |                                 |                  |               |               |
| Interest Income   | 24                              |                  |               | 24            |
| Total Cash Flows For Investing Activities               | 24                              | -                | -             | 24            |
| Net Increase (Decrease) in Cash and Cash<br>Equivalents | (2,425)                         | -                | (503)         | (2,928)       |
| Balances Beginning of Year                              | 5,317                           | 4,609            | 1,276         | 11,202        |
| Balances End of Year                                    | \$ 2,892                        | 4,609            | 773           | 8,274         |
| Cash Flows from Operating Activities                    |                                 |                  |               |               |
| Operating (Loss)/Profit                                 | \$ (19,881)                     | -                | (503)         | (20,384)      |
| Add Depreciation  | 362                             |                  |               | 362           |
| Net Cash Used by Operating Activities                   | \$ (19,881)                     | -                | (503)         | (20,384)      |



**FIDUCIARY FUND – H**

**FARMINGDALE SCHOOL DISTRICT**

60.

**TRUST AND AGENCY FUND**

Exhibit H-1

**COMBINING STATEMENT OF FIDUCIARY NET POSITION**

**AS OF JUNE 30, 2013**

|                                     | <b><u>Student<br/>Activities</u></b> | <b><u>Agency<br/>Account</u></b> | <b><u>Net<br/>Salary</u></b> | <b><u>Total<br/>2013</u></b> |
|-------------------------------------|--------------------------------------|----------------------------------|------------------------------|------------------------------|
| Assets:                             |                                      |                                  |                              |                              |
| Cash and Cash Equivalents           | <b><u>\$ 11,715</u></b>              | <b><u>14,961</u></b>             | <b><u>2,485</u></b>          | <b><u>29,161</u></b>         |
| Liabilities:                        |                                      |                                  |                              |                              |
| Accounts Payable                    | <b>\$ -</b>                          |                                  | <b>2,485</b>                 | <b>2,485</b>                 |
| Payroll Deductions and Withholdings |                                      | <b>14,961</b>                    |                              | <b>14,961</b>                |
| Due to Student Groups               | <b><u>11,715</u></b>                 |                                  |                              | <b><u>11,715</u></b>         |
| Total Liabilities                   | <b><u>\$ 11,715</u></b>              | <b><u>14,961</u></b>             | <b><u>2,485</u></b>          | <b><u>29,161</u></b>         |

FARMINGDALE SCHOOL DISTRICTSTUDENT ACTIVITIES AGENCY FUND

Exhibit H-3

SCHEDULE OF RECEIPTS AND DISBURSEMENTSFOR THE YEAR ENDED JUNE 30, 2013

|                               | Balance<br>July 1, 2012 | Cash<br>Receipts | Cash<br>Disbursements | Balance<br>June 30, 2013 |
|-------------------------------|-------------------------|------------------|-----------------------|--------------------------|
| Farmingdale Elementary School | \$ 4,533                | 28,735           | 21,553                | 11,715                   |

PAYROLL AGENCY

Exhibit H-4

SCHEDULE OF CHANGES IN ASSETS AND LIABILITIESFOR THE FISCAL YEAR ENDED JUNE 30, 2013

|                                     | Balance<br>July 1, 2012 | Additions | Deletions | Balance<br>June 30, 2013 |
|-------------------------------------|-------------------------|-----------|-----------|--------------------------|
| Assets:                             |                         |           |           |                          |
| Cash and Cash Equivalents           | \$ 7,534                | 934,330   | 926,903   | 14,961                   |
| Liabilities:                        |                         |           |           |                          |
| Payroll Deductions and Withholdings | \$ 7,534                | 934,330   | 926,903   | 14,961                   |

**LONG-TERM DEBT – I**

**N/A**

## **STATISTICAL SECTION**

**(Unaudited)**

**FARMINGDALE SCHOOL DISTRICT**

**NET POSITION BY COMPONENT**

J-1

**LAST TEN FISCAL YEARS**

**UNAUDITED**

|   | <b><u>2013</u></b> | <b><u>2012</u></b> | <b><u>2011</u></b> | <b><u>2010</u></b> | <b><u>2009</u></b> | <b><u>2008</u></b> | <b><u>2007</u></b> | <b><u>2006</u></b> | <b><u>2005</u></b> | <b><u>2004</u></b> |
|---|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| Governmental Activities:                        |                    |                    |                    |                    |                    |                    |                    |                    |                    |                    |
| Invested in Capital Assets, Net of Related Debt | \$ 604,568         | 523,254            | 505,938            | 533,199            | 561,178            | 591,587            | 623,898            | 581,359            | 550,414            | 1,060,501          |
| Restricted                                      | 237,592            | 202,255            | 170,922            | 221,719            | 152,143            | 111,252            | 105,743            | 26,868             | 190,364            | 200,519            |
| Unrestricted                                    | 144,445            | 170,759            | 138,753            | 110,781            | 158,313            | 157,008            | 125,160            | 182,669            | 40,821             | 46,206             |
| Total Government Activities                     | \$ 986,605         | 896,268            | 815,613            | 865,699            | 871,634            | 859,847            | 854,801            | 790,896            | 781,599            | 1,307,226          |
| Business Type Activities:                       |                    |                    |                    |                    |                    |                    |                    |                    |                    |                    |
| Restricted                                      | \$ 775             | -                  | -                  | -                  | -                  | 5,057              | 4,609              | 6,309              | 3,081              | 5,125              |
| Unrestricted                                    | 11,675             | 11,763             | 6,883              | 2,275              | 5,723              | -                  | 1,024              | 1,935              | 4,373              | 447                |
| Total Business Type Activities                  | \$ 12,450          | 11,763             | 6,883              | 2,275              | 5,723              | 5,057              | 5,633              | 8,244              | 7,454              | 5,572              |
| District-Wide:                                  |                    |                    |                    |                    |                    |                    |                    |                    |                    |                    |
| Invested in Capital Assets, Net of Related Debt | \$ 605,343         | 523,254            | 505,938            | 533,199            | 561,178            | 591,587            | 623,898            | 587,668            | 553,495            | 1,065,626          |
| Restricted                                      | 237,592            | 202,255            | 170,922            | 221,719            | 152,143            | 133,384            | 110,352            | 26,868             | 190,364            | 200,519            |
| Unrestricted                                    | 156,120            | 182,522            | 145,636            | 113,056            | 164,036            | 139,933            | 126,184            | 184,604            | 45,194             | 46,653             |
| Total District Assets                           | \$ 999,055         | 908,031            | 822,496            | 867,974            | 877,357            | 864,904            | 860,434            | 799,140            | 789,053            | 1,312,798          |

**FARMINGDALE SCHOOL DISTRICT**

J-2

**CHANGES IN NET POSITION**

**LAST TEN FISCAL YEARS**

**UNAUDITED**

|   | 2013                | 2012               | 2011               | 2010               | 2009               | 2008               | 2007               | 2006               | 2005               | 2004               |
|---|---------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| Expenses:   |                     |                    |                    |                    |                    |                    |                    |                    |                    |                    |
| Governmental Activities                             | \$ 962,848          | 2,463,290          | 2,526,821          | 2,419,354          | 2,451,908          | 2,663,433          | 2,520,027          | 2,432,453          | 2,435,021          | 2,405,935          |
| Business Type Activities                            | 36,009              | 28,073             | 18,342             | 18,746             | 20,206             | 17,637             | 37,966             | 39,709             | 40,742             | 23,569             |
| Total District Expenses                             | <u>998,857</u>      | <u>2,491,363</u>   | <u>2,545,163</u>   | <u>2,438,100</u>   | <u>2,472,114</u>   | <u>2,681,070</u>   | <u>2,557,993</u>   | <u>2,472,162</u>   | <u>2,475,763</u>   | <u>2,429,504</u>   |
| Program Revenues:                                   |                     |                    |                    |                    |                    |                    |                    |                    |                    |                    |
| Governmental Activities                             | 53,646              | 82,141             | 76,289             | 71,438             | 57,244             | 82,308             | 60,815             | 54,057             | 97,938             | 86,337             |
| Business Type Activities                            | 35,535              | 19,215             | 7,973              | 19,692             | 12,776             | 11,132             | 31,482             | 40,499             | 42,624             | 28,936             |
| Total District Program Revenues                     | <u>89,181</u>       | <u>101,356</u>     | <u>84,262</u>      | <u>91,130</u>      | <u>70,020</u>      | <u>93,440</u>      | <u>92,297</u>      | <u>94,556</u>      | <u>140,562</u>     | <u>115,273</u>     |
| Net (Expense):                                      |                     |                    |                    |                    |                    |                    |                    |                    |                    |                    |
| Government Activities                               | (2,879,202)         | (2,353,181)        | (2,450,532)        | (2,419,354)        | (2,394,664)        | (2,581,125)        | (2,459,212)        | (2,378,396)        | (2,337,083)        | (2,319,598)        |
| Business Type Activities                            | (474)               | 4,861              | (16)               | 946                | (7,430)            | (6,505)            | (6,484)            | 790                | 1,882              | 5,367              |
| Total District-Wide Net Expense                     | <u>(2,879,676)</u>  | <u>(2,348,320)</u> | <u>(2,450,548)</u> | <u>(2,418,408)</u> | <u>(2,402,094)</u> | <u>(2,587,630)</u> | <u>(2,465,696)</u> | <u>(2,377,606)</u> | <u>(2,335,201)</u> | <u>(2,314,231)</u> |
| General Revenues and Other Changes in Net Position: |                     |                    |                    |                    |                    |                    |                    |                    |                    |                    |
| Governmental Activities                             | 2,605,599           | 2,433,836          | 2,400,446          | 2,413,420          | 2,406,451          | 2,586,171          | 2,523,117          | 2,399,035          | 2,349,715          | 2,268,105          |
| Business Type Activities                            | 24                  | 19                 | 15                 | 28                 | 8,096              | 5,802              | 4,000              |                    |                    |                    |
| Total District-Wide                                 | <u>2,605,623</u>    | <u>2,433,855</u>   | <u>2,400,461</u>   | <u>2,413,448</u>   | <u>2,414,547</u>   | <u>2,591,973</u>   | <u>2,527,117</u>   | <u>2,399,035</u>   | <u>2,349,715</u>   | <u>2,268,105</u>   |
| Change in Net Position:                             |                     |                    |                    |                    |                    |                    |                    |                    |                    |                    |
| Governmental Activities                             | (273,603)           | 80,655             | (50,086)           | (5,934)            | 11,787             | 5,046              | 63,905             | 20,639             | 12,632             | (51,493)           |
| Business Type Activities                            | (450)               | 4,880              | (1)                | 974                | 666                | (703)              | (2,484)            | 790                | 1,882              | 5,367              |
| Total District                                      | <u>\$ (274,053)</u> | <u>85,535</u>      | <u>(50,087)</u>    | <u>(4,960)</u>     | <u>12,453</u>      | <u>4,343</u>       | <u>61,421</u>      | <u>21,429</u>      | <u>14,514</u>      | <u>(46,126)</u>    |

FARMINGDALE SCHOOL DISTRICT

J-3

FUND BALANCES, GOVERNMENT FUNDS

LAST TEN FISCAL YEARS

UNAUDITED

|                                    | <u>2013</u>       | <u>2012</u>    | <u>2011</u>    | <u>2010</u>    | <u>2009</u>    | <u>2008</u>    | <u>2007</u>    | <u>2006</u>    | <u>2005</u>    | <u>2004</u>    |
|------------------------------------|-------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| General Fund:                      |                   |                |                |                |                |                |                |                |                |                |
| Reserved                           | \$ 237,592        | 202,255        | 170,922        | 221,719        | 152,143        | 108,775        | 121,014        | 191,680        | 190,364        | 198,019        |
| Unreserved                         | 156,120           | 212,759        | 138,753        | 110,781        | 158,313        | 206,255        | 148,609        | 64,277         | 77,741         | 61,285         |
| Total General Fund                 | <u>\$ 393,712</u> | <u>415,014</u> | <u>309,675</u> | <u>332,500</u> | <u>310,456</u> | <u>315,030</u> | <u>269,623</u> | <u>255,957</u> | <u>268,105</u> | <u>259,304</u> |
| All Other Governmental Funds:      |                   |                |                |                |                |                |                |                |                |                |
| Unreserved, Reported in:           |                   |                |                |                |                |                |                |                |                |                |
| Capital Projects Fund              | \$ -              | -              | -              | -              |                |                |                |                |                | 2,500          |
| Debt Service Fund                  |                   |                |                |                |                |                |                |                |                |                |
| Total All Other Governmental Funds | <u>-</u>          | <u>-</u>       | <u>-</u>       | <u>-</u>       | <u>-</u>       | <u>-</u>       | <u>-</u>       | <u>-</u>       | <u>-</u>       | <u>2,500</u>   |



**Farmingdale School District**  
**Changes in Fund Balances,**  
**Governmental Last Ten Fiscal Years**  
*(modified accrual basis of accounting)*

Exhibit J-4

|   | 2004                | 2005                | 2006                | 2007                | 2008                | 2009                | 2010                | 2011                | 2012                | 2013                |
|---|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| <b>Revenues</b>   |                     |                     |                     |                     |                     |                     |                     |                     |                     |                     |
| Tax levy  | \$ 1,269,752        | \$ 1,295,414        | \$ 1,355,346        | \$ 1,347,216        | \$ 1,429,736        | \$ 1,414,925        | \$ 1,394,544        | \$ 1,422,435        | \$ 1,443,073        | \$ 1,555,883        |
| Tuition charges   | N/A                 | N/A                 | N/A                 | N/A                 | N/A                 | 6,990               | 15,500              | 29,465              | 16,641              | 13,960              |
| Interest earnings   | 1,274               | 5,291               | 15,147              | 17,149              | 13,655              | 9,976               | 4,572               | 2,902               | 3,094               | 8,159               |
| Miscellaneous   | 7,136               | 2,630               | -                   | -                   | 25,000              | 747                 | 4,438               | 6,982               | 985,990             | 1,041,557           |
| State sources   | 817,421             | 819,134             | 848,189             | 800,752             | 823,847             | 856,634             | 809,587             | 938,662             | 93,468              | 69,686              |
| Federal sources   | 60,444              | 95,480              | 50,057              | 62,418              | 57,309              | 57,244              | 74,039              | 76,289              | 2,542,266           | \$ 2,689,245        |
| <b>Total revenue</b>                                      | <b>\$ 2,156,027</b> | <b>\$ 2,217,949</b> | <b>\$ 2,268,739</b> | <b>\$ 2,227,535</b> | <b>\$ 2,349,547</b> | <b>\$ 2,346,516</b> | <b>\$ 2,302,680</b> | <b>\$ 2,476,735</b> |                     |                     |
| <b>Expenditures</b>                                       |                     |                     |                     |                     |                     |                     |                     |                     |                     |                     |
| Instruction   | \$ 836,039          | \$ 897,452          | \$ 1,006,591        | \$ 983,219          | \$ 936,113          | \$ 882,485          | \$ 763,563          | \$ 778,411          | \$ 780,436          | \$ 777,093          |
| Regular Instruction                                       | 133,056             | 169,297             | 133,518             | 122,951             | 209,077             | 270,424             | 311,716             | 369,934             | 376,121             | 390,906             |
| Special education instruction                             | 37,857              | -                   | -                   | -                   | -                   | -                   | -                   | -                   | -                   | -                   |
| Other special instruction                                 | 7,898               | 6,838               | 3,856               | 7,954               | 5,617               | 5,097               | 4,331               | 2,200               | 1,240               | 6,999               |
| Support Services:   |                     |                     |                     |                     |                     |                     |                     |                     |                     |                     |
| Student & inst. related services                          | 213,705             | 244,897             | 227,445             | 263,391             | 293,271             | 279,396             | 333,634             | 338,235             | 361,878             | 440,416             |
| General administration                                    | 142,509             | 155,951             | 139,816             | 102,829             | 119,756             | 111,257             | 94,070              | 100,252             | 101,574             | 168,523             |
| School administrative services                            | 40,942              | 41,882              | 79,300              | 53,500              | 55,551              | 58,199              | 60,527              | 60,527              | 71,325              | 56,004              |
| Central services  | -                   | -                   | -                   | 32,268              | 45,791              | 46,673              | 60,951              | 71,325              | 121,780             | 237,936             |
| Admin. information technology                             | -                   | -                   | -                   | 14,534              | 222,802             | 202,688             | 199,850             | 227,275             | 218,798             | 12,010              |
| Plant operations and maintenance                          | 199,388             | 203,573             | 208,933             | 216,407             | 17,277              | 16,402              | 10,427              | 10,614              | 8,362               | -                   |
| Pupil transportation                                      | 35,374              | 37,085              | 24,540              | 18,621              | -                   | -                   | -                   | -                   | -                   | -                   |
| Bus. & Other Supp Serv.: Employee Ben                     | 358,782             | 312,754             | 302,601             | -                   | -                   | -                   | -                   | -                   | -                   | -                   |
| Other Support Services                                    | -                   | -                   | -                   | -                   | -                   | -                   | -                   | -                   | -                   | -                   |
| Employee benefits   | -                   | -                   | -                   | -                   | -                   | -                   | -                   | -                   | -                   | -                   |
| On-Behalf TPAF Pension Contrib.                           | 74,971              | 97,448              | 111,347             | 327,550             | 324,953             | 318,229             | 318,229             | 314,120             | 260,936             | 318,249             |
| Reimbursed TPAF SS Contributions                          | 86,190              | 96,608              | 95,714              | 188,966             | 210,304             | 77,519              | 91,045              | 128,890             | 123,901             | 176,756             |
| Food Service  | -                   | -                   | -                   | 94,709              | 1,000,151           | 94,654              | 99,922              | 97,777              | 97,398              | 95,036              |
| Education Jobs  | -                   | -                   | -                   | 4,000               | 5,700               | 8,000               | -                   | -                   | 27,968              | 294                 |
| Capital outlay  | -                   | -                   | -                   | -                   | -                   | -                   | -                   | -                   | 214                 | -                   |
| Debt service:   |                     |                     |                     |                     |                     |                     |                     |                     |                     |                     |
| Principal   | 80,000              | 80,000              | 80,000              | 78,000              | -                   | -                   | -                   | -                   | -                   | -                   |
| Interest and other charges                                | 17,375              | 12,375              | 7,375               | 2,438               | -                   | -                   | -                   | -                   | -                   | -                   |
| <b>Total expenditures</b>                                 | <b>\$ 2,264,086</b> | <b>\$ 2,356,160</b> | <b>\$ 2,421,036</b> | <b>\$ 2,511,337</b> | <b>\$ 3,446,363</b> | <b>\$ 2,371,023</b> | <b>\$ 2,348,265</b> | <b>\$ 2,499,560</b> | <b>\$ 2,480,606</b> | <b>\$ 2,680,222</b> |
| Excess (Deficiency) of revenues over (under) expenditures | (108,059)           | (138,211)           | (152,297)           | (283,802)           | (1,096,816)         | (24,507)            | (45,585)            | (22,825)            | 61,660              | 9,023               |
| <b>Other Financing sources (uses)</b>                     |                     |                     |                     |                     |                     |                     |                     |                     |                     |                     |
| Adjustments to Net Assets                                 | -                   | -                   | -                   | -                   | -                   | -                   | -                   | -                   | 1,679               | -                   |
| Total other financing sources (uses)                      | -                   | -                   | -                   | -                   | -                   | -                   | -                   | -                   | 1,679               | -                   |
| Net change in fund balances                               | \$ (108,059)        | \$ (138,211)        | \$ (152,297)        | \$ (283,802)        | \$ (1,096,816)      | \$ (24,507)         | \$ (45,585)         | \$ (22,825)         | \$ 63,339           | \$ 9,023            |
| Debt service as a percentage of noncapital expenditures   | 4.30%               | 3.92%               | 3.61%               | 3.20%               | 0.00%               | 0.00%               | 0.00%               | 0.00%               | 0.00%               | 0.00%               |
| <b>Source: District records</b>                           |                     |                     |                     |                     |                     |                     |                     |                     |                     |                     |

Note: Noncapital expenditures are total expenditures less capital outlay.

Central Service and Administrative Information Technology account classifications were added beginning with year end June 30, 2005.

Prior to June 30, 2005, Central Service and Administrative Information Technology were combined in Other Support Services as Business and Other Support Services.

**Farmingdale School District**  
**General Fund - Other Local Revenue by Source**  
**Last Ten Fiscal Years**  
*(modified accrual basis of accounting)*

**Exhibit J-5**

| Fiscal Year<br>Ending June 30, | Interest on |   | Rental | Miscellaneous | Tuition | ERATE | Annual Totals |
|--------------------------------|-------------|---|--------|---------------|---------|-------|---------------|
|                                | Investments |   |        |               |         |       |               |
| 2004                           | 1,274       | - | -      | 7,136         | -       | -     | 8,410         |
| 2005                           | 5,291       | - | -      | 2,630         | -       | -     | 7,921         |
| 2006                           | 9,267       | - | -      | 6,011         | -       | -     | 15,278        |
| 2007                           | 17,149      | - | -      | -             | -       | -     | 17,149        |
| 2008                           | 13,535      | - | -      | 120           | -       | -     | 13,655        |
| 2009                           | 9,975       | - | -      | 31            | 6,989   | 1,766 | 18,761        |
| 2010                           | 4,571       | - | -      | 2,431         | 15,500  | 2,007 | 24,509        |
| 2011                           | 2,902       | - | -      | 4,115         | 29,465  | 837   | 37,319        |
| 2012                           | 2,979       | - | -      | 114           | 16,641  | 735   | 20,469        |
| 2013                           | 2,586       | - | -      | 120           | 13,960  | 1,246 | 17,912        |

Source: District records

**Farmingdale School District**  
**Assessed Value and Actual Value of Taxable Property,**  
**Last Ten Fiscal Years**

**Exhibit J-6**

| Fiscal<br>Year<br>Ended<br>June 30, | Vacant<br>Land | Land | Residential | Buildings | Farm Reg. | Qfarm  | Commercial | Industrial | Apartment  | Total<br>Assessed<br>Value | Less : Tax<br>Exempt<br>Property | Public<br>Utilities <sup>a</sup> | Net Valuation<br>Taxable | Estimated Actual<br>(County<br>Equalized) Value | Total<br>Direct<br>School Tax<br>Rate <sup>b</sup> |
|-------------------------------------|----------------|------|-------------|-----------|-----------|--------|------------|------------|------------|----------------------------|----------------------------------|----------------------------------|--------------------------|---|--|
| 2004                                | 1,132,400      | -    | 43,655,600  | -         | 416,900   | 10,200 | 12,721,300 | 1,757,400  | 4,959,400  | 64,653,200                 | -                                | 1,299,042                        | 65,952,242               | 142,126,182                                     | 1.921  |
| 2005                                | 2,312,300      | -    | 109,362,000 | -         | 721,700   | 14,200 | 19,613,700 | 2,742,800  | 13,507,100 | 148,273,800                | -                                | 2,321,144                        | 150,594,944              | 150,166,193                                     | 0.882  |
| 2006                                | 2,393,100      | -    | 109,439,200 | -         | 721,700   | 14,200 | 19,613,700 | 2,742,800  | 13,507,100 | 148,431,800                | -                                | 2,288,899                        | 150,720,699              | 150,166,193                                     | 0.913  |
| 2007                                | 2,192,700      | -    | 110,413,000 | -         | 721,700   | 14,200 | 19,617,700 | 2,742,800  | 13,507,100 | 149,209,200                | -                                | 1,971,969                        | 151,181,169              | 152,148,947                                     | 0.928  |
| 2008                                | 2,129,800      | -    | 110,554,200 | -         | 721,700   | 14,200 | 19,871,300 | 2,742,800  | 13,947,400 | 149,981,400                | -                                | 2,330,926                        | 152,312,326              | 158,250,956                                     | 0.915  |
| 2009                                | 2,179,300      | -    | 110,849,000 | -         | 721,700   | 14,200 | 19,871,300 | 2,742,800  | 13,947,400 | 150,325,700                | -                                | 2,462,182                        | 152,787,882              | 160,364,106                                     | 0.900  |
| 2010                                | 1,918,800      | -    | 112,002,400 | -         | 721,700   | 14,200 | 20,480,300 | 2,742,800  | 13,947,400 | 151,827,600                | -                                | 2,815,873                        | 154,643,473              | 156,397,464                                     | 0.920  |
| 2011                                | 1,918,800      | -    | 111,858,800 | -         | 721,700   | 14,200 | 20,480,300 | 2,742,800  | 13,947,400 | 151,684,000                | -                                | 2,558,005                        | 154,242,005              | 148,365,439                                     | 0.926  |
| 2012                                | 1,918,800      | -    | 112,133,500 | -         | 721,700   | 14,200 | 20,320,000 | 2,742,800  | 13,947,400 | 151,798,400                | -                                | 2,529,438                        | 154,327,838              | 150,852,464                                     | 0.960  |
| 2013                                | 1,865,300      | -    | 111,706,500 | -         | 721,700   | 14,200 | 20,320,000 | 2,742,800  | 13,947,400 | 151,317,900                | -                                | -                                | 151,317,900              | 150,852,464                                     | 1.041  |

**Sources: Monmouth County Certified General Tax Rates**  
**Monmouth County Net Valuation Taxable**  
**Municipal Tax Assessor**

**Note** Real property is required to be assessed at some percentage of true value (fair or market value) established by each county board of taxation.

Reassessment occurs when the County Board of Taxation requests Treasury to order a reassessment

**a** Taxable Value of Machinery, Implements and Equipment of Telephone, Telegraph and Messenger System Companies

**b** Tax rates are per \$100

**N/A** At the time of CAFR completion, this data was not yet available - The only data available was land and buildings

**Farmingdale School District  
Direct and Overlapping Property Tax Rates  
Last Ten Fiscal Years**  
(rate per \$100 of assessed value)

| Fiscal<br>Year<br>Ended<br>June 30, | Farmingdale School District Direct Rate<br>(From J-6) |       |                    | Overlapping Rates      |                      |                    | Total Direct and<br>Overlapping Tax<br>Rate |
|-------------------------------------|---|-------|--------------------|------------------------|----------------------|--------------------|---|
|                                     | Total<br>Direct                                       |       |                    | Farmingdale<br>Borough | Regional<br>District | Monmouth<br>County |   |
|                                     | General<br>Obligation Debt<br>Service <sup>b</sup>    |       | School Tax<br>Rate |                        |                      |                    |   |
|                                     | Basic Rate <sup>a</sup>                               |       |                    |                        |                      |                    |   |
| 2004                                | 1.819   | 0.106 | 1.925              | 0.238                  | 0.827                | 0.673              | 3.663                                       |
| 2005                                | 0.819   | 0.040 | 0.859              | 0.109                  | 0.403                | 0.331              | 1.702                                       |
| 2006                                | 0.899   | -     | 0.899              | 0.124                  | 0.419                | 0.304              | 1.746                                       |
| 2007                                | 0.928   | -     | 0.928              | 0.140                  | 0.372                | 0.276              | 1.716                                       |
| 2008                                | 0.915   | -     | 0.915              | 0.173                  | 0.335                | 0.269              | 1.692                                       |
| 2009                                | 0.900   | -     | 0.900              | 0.183                  | 0.316                | 0.275              | 1.674                                       |
| 2010                                | 0.920   | -     | 0.920              | 0.203                  | 0.277                | 0.278              | 1.678                                       |
| 2011                                | 0.926   | -     | 0.926              | 0.208                  | 0.360                | 0.275              | 1.769                                       |
| 2012                                | 0.960   | -     | 0.960              | 0.211                  | 0.350                | 0.290              | 1.811                                       |
| 2013                                | 1.041   | -     | 1.041              | 0.212                  | 0.397                | 0.293              | 1.943                                       |

**Source: Municipal Tax Collector**

**Note:** NJSA 18A:7F-5d limits the amount that the district can submit for a general fund tax levy. The levy when added to other components of the district's net budget may not exceed the prebudget year net budget by more than the spending growth limitation calculated as follows: the prebudget year net budget increased by the cost of living or 2.5 percent, whichever is greater, plus any spending growth adjustments.

<sup>a</sup> The district's basic tax rate is calculated from the A4F form which is submitted with the budget and the Net valuation taxable.

<sup>b</sup> Rates for debt service are based on each year's requirements.

Farmingdale School District  
Principal Property Taxpayers,  
Current Year and Nine Years Ago

|                                 | 2013                         |                    |  | 2004                         |                    |  |
|---------------------------------|------------------------------|--------------------|--|------------------------------|--------------------|--|
|                                 | Taxable<br>Assessed<br>Value | Rank<br>[Optional] | % of Total<br>District Net<br>Assessed Value | Taxable<br>Assessed<br>Value | Rank<br>[Optional] | % of Total<br>District Net<br>Assessed Value |
| Farmingdale Garden Apartments   | \$ 11,500,000                | 1                  | 7.60%  | \$ -                         | -                  | -  |
| Farmingdale LLC                 | 3,795,400                    | 2                  | 2.50%  | -                            | -                  | -  |
| Farmingdale Shopping Center LLC | 2,442,200                    | 3                  | 1.61%  | 1,450,000                    | 3                  | 2.15%  |
| R. T. Equities, LLC             | 2,107,200                    | 4                  | 1.39%  | 1,324,900                    | 4                  | 2.00%  |
| Merkler, Walter & Mary C.       | 1,476,600                    | 5                  | 0.98%  | -                            | -                  | -  |
| Academy Apartments LLC          | 1,400,000                    | 6                  | 0.92%  | -                            | -                  | -  |
| Morgan, John P                  | 1,297,000                    | 7                  | 0.86%  | -                            | -                  | -  |
| Farmingdale Train Station, LLC  | 1,190,000                    | 8                  | 0.78%  | -                            | -                  | -  |
| Bell Atlantic                   | 992,800                      | 9                  | 0.65%  | 693,400                      | 6                  | 1.05%  |
| Verizon Communications          | 904,100                      | 10                 | 0.60%  | -                            | -                  | -  |
| Kaye, Robert                    | -                            | -                  | -  | 1,299,042                    | 5                  | 1.96%  |
| Stern, Lawrence & Rosa          | -                            | -                  | -  | 3,993,400                    | 1                  | 6.04%  |
|                                 | -                            | -                  | -  | 2,700,000                    | 2                  | 4.08%  |
| Total                           | \$ 27,105,300                |                    | 17.89%                                       | \$ 11,460,742                |                    | 17.28%                                       |

Source: Municipal Tax Assessor

**Farmingdale School District  
Property Tax Levies and Collections,  
Last Ten Fiscal Years**

| Fiscal<br>Year<br>Ended<br>June 30, | Taxes Levied for<br>the Fiscal Year | Collected within the Fiscal Year<br>of the Levy <sup>a</sup> |                       | Collections in<br>Subsequent<br>Years |
|-------------------------------------|-------------------------------------|--|-----------------------|---------------------------------------|
|                                     |                                     | Amount   | Percentage<br>of Levy |                                       |
| 2004                                | 1,269,752                           | 1,269,752  | 100.00%               | -                                     |
| 2005                                | 1,295,414                           | 1,295,414  | 100.00%               | -                                     |
| 2006                                | 1,355,346                           | 1,355,346  | 100.00%               | -                                     |
| 2007                                | 1,347,216                           | 1,347,216  | 100.00%               | -                                     |
| 2008                                | 1,429,736                           | 1,429,736  | 100.00%               | -                                     |
| 2009                                | 1,394,545                           | 1,394,545  | 100.00%               | -                                     |
| 2010                                | 1,394,545                           | 1,394,545  | 100.00%               | -                                     |
| 2011                                | 1,422,436                           | 1,422,436  | 100.00%               | -                                     |
| 2012                                | 1,443,073                           | 1,443,073  | 100.00%               | -                                     |
| 2013                                | 1,495,833                           | 1,495,833  | 100.00%               | -                                     |

**Source:** District records including the Certificate and Report of School Taxes (A4F form)

<sup>a</sup>

School taxes are collected by the Municipal Tax Collector. Under New Jersey State Statute, a municipality is required to remit to the school district the entire property tax balance, in the amount voted upon or certified prior to the end of the school year.

**Farmindale School District**  
**Ratios of Outstanding Debt by Type**  
**Last Ten Fiscal Years**

| Fiscal<br>Year<br>Ended<br>June 30, | Governmental Activities                     |                                     |                   |   | Business-Type<br>Activities |                | Percentage of<br>Personal<br>Income <sup>a</sup> | Per Capita <sup>a</sup> |
|-------------------------------------|---|-------------------------------------|-------------------|---|-----------------------------|----------------|--|-------------------------|
|                                     | General<br>Obligation<br>Bonds <sup>b</sup> | Certificates<br>of<br>Participation | Capital<br>Leases | Bond<br>Anticipation<br>Notes<br>(BANs) | Capital Leases              | Total District |  |                         |
| 2004                                | 613,875                                     | -                                   | -                 | -                                       | -                           | 613,875        | 0.84%  | 388                     |
| 2005                                | 463,000                                     | -                                   | -                 | -                                       | -                           | 463,000        | 0.64%  | 295                     |
| 2006                                | 348,000                                     | -                                   | -                 | -                                       | -                           | 348,000        | 0.48%  | 221                     |
| 2007                                | 172,612                                     | -                                   | -                 | -                                       | -                           | 172,612        | 0.22%  | 110                     |
| 2008                                | 131,511                                     | -                                   | -                 | -                                       | -                           | 131,511        | 0.16%  | 83                      |
| 2009                                | 87,674                                      | -                                   | -                 | -                                       | -                           | 87,674         | 0.10%  | 56                      |
| 2010                                | 90,000                                      | -                                   | -                 | -                                       | -                           | 90,000         | 0.10%  | 28                      |
| 2011                                | 47,481                                      | -                                   | -                 | -                                       | -                           | 47,481         | 0.05%  | 30                      |
| 2012                                | -   | -                                   | -                 | -                                       | -                           | -              | 0.00%  | -                       |
| 2013                                | -   | -                                   | -                 | -                                       | -                           | -              | 0.00%  | -                       |

**Note:** Details regarding the district's outstanding debt can be found in the notes to the financial statements.

- a** See Exhibit NJ J-14 for personal income and population data. These ratios are calculated using personal income and population for the prior calendar year.
- b** Includes Early Retirement Incentive Plan (ERIP) refunding

**Farmingdale School District**  
**Ratios of Net General Bonded Debt Outstanding**  
**Last Ten Fiscal Years**

Exhibit J-11

| Fiscal<br>Year<br>Ended<br>June 30, | General Bonded Debt Outstanding |            |   | Percentage of<br>Actual Taxable<br>Value <sup>a</sup> of<br>Property | Per Capita <sup>b</sup> |
|-------------------------------------|---------------------------------|------------|---|--|-------------------------|
|                                     | General<br>Obligation<br>Bonds  | Deductions | Net General<br>Bonded Debt<br>Outstanding |  |                         |
|                                     |                                 |            |   |  |                         |
| 2004                                | 80,000                          | -          | 238,000                                   | 0.37%  | 150                     |
| 2005                                | 80,000                          | -          | 158,000                                   | 0.11%  | 101                     |
| 2006                                | 78,000                          | -          | 78,000                                    | 0.05%  | 50                      |
| 2007                                | -                               | -          | -   | 0.00%  | -                       |
| 2008                                | -                               | -          | -   | 0.00%  | -                       |
| 2009                                | -                               | -          | -   | 0.00%  | -                       |
| 2010                                | -                               | -          | -   | 0.00%  | -                       |
| 2011                                | -                               | -          | -   | 0.00%  | -                       |
| 2012                                | -                               | -          | -   | 0.00%  | -                       |
| 2013                                | -                               | -          | -   | 0.00%  | -                       |

**Notes:** Details regarding the district's outstanding debt can be found in the notes to the financial statements.  
**a** See Exhibit NJ J-6 for property tax data.  
**b** Population data can be found in Exhibit NJ J-14.



**FARMINGDALE SCHOOL DISTRICT**  
**Direct and Overlapping Governmental Activities Debt**  
**As of June 30, 2013**

Exhibit J-12

| <u>Governmental Unit</u>                 | <u>Debt<br/>Outstanding</u> | <u>Estimated<br/>Percentage<br/>Applicable <sup>a</sup></u> | <u>Estimated<br/>Share of<br/>Overlapping<br/>Debt</u> |
|--|-----------------------------|---|--|
| Debt repaid with property taxes          |                             |   |  |
| Borough of Farmingdale                   | \$ 596,783                  | 100.000%  | \$ 596,783   |
| County of Monmouth                       | 466,110,819                 | 0.128%  | 596,622  |
| Other debt                               |                             |   |  |
| Freehold Regional High School District   | 31,400,000                  | 0.491%  | 154,174  |
| Subtotal, overlapping debt               |                             |   | 1,347,579  |
| <b>Farmingdale School</b>                |                             |   | -  |
| <b>Total direct and overlapping debt</b> |                             |   | <u>\$ 1,347,579</u>                                    |

**Sources:** Assessed value data used to estimate applicable percentages provided by the Monmouth County Board of Taxation  
Debt outstanding data provided by each governmental unit.

**Note:** Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the District.  
This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of Anytown. This process recognizes that, when considering the District's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping payment.

**a** For debt repaid with property taxes, the percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of another governmental unit's taxable value that is within the district's boundaries and dividing it by each unit's total taxable value.

Farmingdale School District  
Legal Debt Margin Information,  
Last Ten Fiscal Years

Legal Debt Margin Calculation for Fiscal Year 2013

Equalized valuation basis

|      |                |
|------|----------------|
| 2013 | \$ 150,852,464 |
| 2012 | \$ 150,852,464 |
| 2011 | \$ 148,365,439 |
| [A]  | \$ 450,070,367 |

[A/3] \$ 150,023,456

Average equalized valuation of taxable property

|       |              |   |
|-------|--------------|---|
| [B]   | 6,000,938    | a |
| [C]   | -            |   |
| [B-C] | \$ 6,000,938 |   |

Debt limit (4 % of average equalization value)  
Total Net Debt Applicable to Limit  
Legal debt margin

|   | 2004         | 2005         | 2006         | 2007         | 2008         | 2009         | 2010         | 2011         | 2012         | 2013         |
|---|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Debt limit  | \$ 3,211,955 | \$ 3,495,911 | \$ 5,899,448 | \$ 6,033,084 | \$ 6,061,699 | \$ 6,090,315 | \$ 6,146,961 | \$ 6,094,336 | \$ 6,074,872 | \$ 6,000,938 |
| Total net debt applicable to limit                                      | 238,000      | 158,000      | 78,000       | -            | -            | -            | -            | -            | -            | -            |
| Legal debt margin   | \$ 2,973,955 | \$ 3,337,911 | \$ 5,821,448 | \$ 6,033,084 | \$ 6,061,699 | \$ 6,090,315 | \$ 6,146,961 | \$ 6,094,336 | \$ 6,074,872 | \$ 6,000,938 |
| Total net debt applicable to the limit<br>as a percentage of debt limit | 7.41%        | 4.52%        | 1.32%        | 0.00%        | 0.00%        | 0.00%        | 0.00%        | 0.00%        | 0.00%        | 0.00%        |

Source: Monmouth County Tax Office

a Limit set by NJSA 18A:24-19 for a K through 12 district; other % limits would be applicable for other district types.

Farmingdale School District  
Demographic and Economic Statistics  
Last Ten Fiscal Years

| Year | Population <sup>a</sup> | Personal Income <sup>b</sup> | Per Capita<br>Personal Income <sup>c</sup> | Unemployment<br>Rate <sup>d</sup> |
|------|-------------------------|------------------------------|--|-----------------------------------|
| 2004 | 1,582                   | 72,430,288                   | 45,784                                     | 3.90%                             |
| 2005 | 1,572                   | 71,972,448                   | 45,784                                     | 3.50%                             |
| 2006 | 1,572                   | 71,972,448                   | 45,784                                     | 3.50%                             |
| 2007 | 1,563                   | 75,814,878                   | 48,506                                     | 2.40%                             |
| 2008 | 1,561                   | 81,350,355                   | 51,455                                     | 2.20%                             |
| 2009 | 1,569                   | 85,982,769                   | 54,801                                     | 2.80%                             |
| 2010 | 1,587                   | 90,070,185                   | 56,755                                     | 4.70%                             |
| 2011 | 1,572                   | 86,100,012                   | 54,771                                     | 4.70%                             |
| 2012 | 1,330                   | 75,750,150                   | 56,955                                     | 4.80%                             |
| 2013 | 1,319                   | 76,970,245                   | 58,355                                     | 4.90%                             |

Source:

<sup>a</sup> Population information provided by the NJ Dept of Labor and Workforce Development

<sup>b</sup> Personal income has been estimated based upon the municipal population and per capita personal income and labor force

<sup>c</sup> Per capita personal income by municipality estimated based upon the 2010 Census published by the US Bureau of Economic Analysis by county. Per Capita personal income for Farmingdale Borough was not available

<sup>d</sup> Unemployment data provided by the NJ Dept of Labor and Workforce Development

Labor Force - 908

| Employer | 2013      |                    |   | 2014      |                    |   |
|----------|-----------|--------------------|---|-----------|--------------------|---|
|          | Employees | Rank<br>[Optional] | Percentage of<br>Total<br>Municipal<br>Employment | Employees | Rank<br>[Optional] | Percentage of<br>Total<br>Municipal<br>Employment |
| N/A      | -         |                    | N/A   | N/A       |                    | N/A   |
| N/A      | -         |                    | N/A   | N/A       |                    | N/A   |
| N/A      | -         |                    | N/A   | N/A       |                    | N/A   |
| N/A      | -         |                    | N/A   | N/A       |                    | N/A   |
| N/A      | -         |                    | N/A   | N/A       |                    | N/A   |
| N/A      | -         |                    | N/A   | N/A       |                    | N/A   |
| N/A      | -         |                    | N/A   | N/A       |                    | N/A   |
| N/A      | -         |                    | N/A   | N/A       |                    | N/A   |
|          | -         |                    | -   |           |                    | -   |
|          | -         |                    | -   |           |                    | -   |
|          | -         |                    | -   |           |                    | -   |
|          | -         |                    | -   |           |                    | -   |
|          | -         |                    | -   |           |                    | -   |
|          | -         |                    | -   |           |                    | -   |
|          | -         |                    | 0.00%   | -         |                    | 0.00%   |

**Source: Information is not available**

Farmingdale School District  
Full-time Equivalent District Employees by Function/Program,  
Last Ten Fiscal Years

| Function/Program                       | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 |
|--|------|------|------|------|------|------|------|------|------|------|
| Instruction                            |      |      |      |      |      |      |      |      |      |      |
| Regular                                | 13   | 14.5 | 12.5 | 12.5 | 12.5 | 12.5 | 12   | 12   | 12   | 12   |
| Special education                      | 3    | 3    | 3    | 3    | 5.5  | 5.5  | 5.5  | 5.5  | 6    | 6    |
| Support Services:                      |      |      |      |      |      |      |      |      |      |      |
| Student & instruction related services | 1    | 1    | 1    | 1    | -    | 3    | 3    | 3    | 3    | 3    |
| General administration                 | 0.5  | 0.5  | 0.5  | 0.5  | 0.5  | 0.5  | 0.5  | 0.5  | 0.5  | 0.5  |
| School administrative services         | 0.5  | 0.5  | 0.5  | 0.5  | 0.5  | 0.5  | 0.5  | 0.5  | 0.5  | 0.5  |
| Other administrative services          | 2    | 2    | 2    | 1    | 1    | 1.5  | 1.5  | 1.5  | 1.5  | 1.5  |
| Central services                       | 1    | -    | -    | -    | -    | -    | -    | -    | -    | -    |
| Administrative Information Technology  | -    | 1    | 1    | 1.2  | 1.2  | 1.2  | 1.2  | 1.2  | 1    | 1    |
| Plant operations and maintenance       | 2    | 2    | 2    | 2    | 2    | 2    | 2    | 2    | 2    | 2    |
| Pupil transportation                   | -    | -    | -    | -    | -    | -    | -    | -    | -    | -    |
| Other support services                 | 2    | 3    | 3    | 3    | 2    | 1    | 1    | 1    | 1    | 1    |
| Total                                  | 25.0 | 27.5 | 25.5 | 24.7 | 25.2 | 27.7 | 27.2 | 27.2 | 27.5 | 27.5 |

Source: District Personnel Records

Farmingdale School District  
Operating Statistics,  
Last Ten Fiscal Years

Exhibit J-17

| Fiscal Year | Enrollment | Operating Expenditures <sup>a</sup> | Cost Per Pupil | Percentage Change | Teaching Staff <sup>b</sup> | Pupil/Teacher Ratio | Average Daily Enrollment (ADE) <sup>c</sup> | Average Daily Attendance (ADA) <sup>c</sup> | % Change in Average Daily Enrollment | Student Attendance Percentage |
|-------------|------------|-------------------------------------|----------------|-------------------|-----------------------------|---------------------|---|---|--------------------------------------|-------------------------------|
| 2004        | 154        | 2,121,507                           | 13,776         | 13.85%            | 19                          | 1:08                | 147.4                                       | 140   | -7.82%                               | 94.98%                        |
| 2005        | 150        | 2,065,919                           | 13,773         | -0.02%            | 18                          | 1:08                | 146.8                                       | 140   | -0.41%                               | 95.03%                        |
| 2006        | 153        | 2,144,395                           | 14,016         | 1.76%             | 18                          | 1:08                | 150.0                                       | 141   | 2.18%                                | 94.00%                        |
| 2007        | 151        | 2,145,999                           | 14,212         | 1.40%             | 18                          | 1:08                | 149.8                                       | 141   | -0.13%                               | 93.79%                        |
| 2008        | 142        | 2,241,435                           | 15,785         | 11.07%            | 18                          | 1:08                | 142.7                                       | 134   | -4.74%                               | 93.90%                        |
| 2009        | 146        | 2,360,799                           | 16,170         | 2.44%             | 19                          | 1:08                | 146.6                                       | 139   | 2.73%                                | 94.82%                        |
| 2010        | 152        | 2,207,186                           | 14,521         | -10.20%           | 18                          | 1:08                | 151.6                                       | 143   | 3.41%                                | 94.33%                        |
| 2011        | 159        | 2,193,626                           | 13,796         | -4.99%            | 18                          | 1:08                | 158.4                                       | 149   | 4.49%                                | 94.07%                        |
| 2012        | 159        | 2,174,346                           | 13,675         | -0.88%            | 18                          | 1:08                | 154.7                                       | 147   | -2.34%                               | 95.02%                        |
| 2013        | 151        | 2,342,472                           | 15,513         | 13.44%            | 18                          | 1:08                | 151.3                                       | 144   | -2.20%                               | 95.18%                        |

Sources: District records

- a Operating expenditures equal total expenditures less debt service and capital outlay.
- b Teaching staff includes only full-time equivalents of certificated staff.
- c Average daily enrollment and average daily attendance are obtained from the School Register Summary (SRS).

Exhibit J-18

Farmingdale School District  
School Building Information  
Last Ten Fiscal Years

|                                | 2004   | 2005   | 2006   | 2007   | 2008   | 2009   | 2010   | 2011   | 2012   | 2013   |
|--------------------------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| <b>District Building</b>       |        |        |        |        |        |        |        |        |        |        |
| Elementary (1928) <sup>a</sup> | 21,366 | 21,366 | 21,366 | 21,366 | 21,366 | 21,366 | 21,366 | 21,366 | 21,366 | 21,366 |
| Square Feet                    | 275    | 275    | 275    | 275    | 275    | 275    | 275    | 275    | 275    | 275    |
| Capacity (students)            | 154    | 150    | 153    | 151    | 142    | 146    | 152    | 159    | 159    | 151    |
| Enrollment                     |        |        |        |        |        |        |        |        |        |        |

Number of Schools at June 30, 2012

Elementary = 1

Middle School = N/A

Senior High School = N/A

Other = N/A

**Source:** District Facilities Office

Note: Year of original construction is shown in parentheses. Increases in square footage and capacity are the result of and additions. Enrollment is based on the annual October district count.

a Farmingdale School was originally built in 1928 with a new wing added in 1992.

**Farmingdale School District  
Schedule of Required Maintenance  
Last Six Fiscal Years**

**Exhibit J-19**

**UNDISTRIBUTED EXPENDITURES - REQUIRED  
MAINTENANCE FOR SCHOOL FACILITIES  
11-000-261-xxx**

| * School Facilities     |                   |                   |
|-------------------------|-------------------|-------------------|
| Project # (s)           | Farmingdale       | Total             |
| 2008                    | 50,425            | 50,425            |
| 2009                    | 36,839            | 36,839            |
| 2010                    | 58,530            | 58,530            |
| 2011                    | 72,116            | 72,116            |
| 2012                    | 79,580            | 79,580            |
| 2013                    | 92,830            | 92,830            |
| Total School Facilities | <u>\$ 390,320</u> | <u>\$ 390,320</u> |

\* School facilities as defined under EFCFA.  
(N.J.A.C. 6A:26-1.2 and N.J.A.C. 6A:26A-1.3)

Source: District records



**Farmingdale School District  
Insurance Schedule  
30-Jun-13**

|   | Coverage        | Deductible |
|---|-----------------|------------|
| School Package Policy (1)                       |                 |            |
| Building and Contents (All Locations)           | \$ 10,136,689   | \$ 5,000   |
| Comprehensive General Liability                 | 5,000,000       |            |
| Comprehensive Automobile Liability              | 5,000,000       | 1,000      |
| Comprehensive Crime Coverage                    | 400,000         |            |
| Computers and Scheduled Equipment (1)           |                 |            |
| Data Processing Equipment                       | 200,000         | 1,000      |
| Other   | N/A             |            |
| Boiler and Machinery (1)                        | 100,000,000     | -          |
| Umbrella Liability (1)                          | 5,000,000       |            |
| School Board Legal Liability (1)                | 5,000,000       | 5,000      |
| Student Accident (1)                            | 1,000,000.00    |            |
| Environmental (1)                               | 1,000,000       | 10,000     |
| CAP/Umbrella (4)                                | 50,000,000.00   |            |
| (1) NJ School Board Association Insurance Group |                 |            |
| (2) Selective                                   |                 |            |
| (3) Chubb Group Insurance                       |                 |            |
| (4) Fireman's Fund Ins. Co.                     |                 |            |
| (5) School Allian Ins. Fund                     |                 |            |
| Workers Compensation (1)                        | 2,000,000.00    |            |
| Supplemental workers compensation (3)           | 1,750, per week |            |
| Bonds: (2) Treasurer                            | 161,000.00      |            |
| BS/BA   | 161,000.00      |            |

Source: G.R. Murray Ins. Broker

## **SINGLE AUDIT SECTION**

*Robert A. Hulsart and Company*  
 CERTIFIED PUBLIC ACCOUNTANTS

ARMOUR S. HULSART, C.P.A., R.M.A., P.S.A. (1959-1992)  
 ROBERT A. HULSART, C.P.A., R.M.A., P.S.A.  
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 \_\_\_\_\_  
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**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER**  
**FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS**  
**BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED**  
**IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Honorable President and Members  
 of the Board of Education  
 Farmingdale School District  
 County of Monmouth  
 Farmingdale, New Jersey

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Farmingdale Board of Education, County of Monmouth, State of New Jersey as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the Farmingdale Board of Education, County of Monmouth, State of New Jersey's basic financial statements, and have issued our report thereon dated October 9, 2013.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Farmingdale Board of Education, County of Monmouth, State of New Jersey's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions of the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Farmingdale Board of Education, County of Monmouth, State of New Jersey's internal control. Accordingly, we do not express an opinion on the effectiveness of the Farmingdale Board of Education, County of Monmouth, State of New Jersey's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purposes described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Farmingdale Board of Education, County of Monmouth, State of New Jersey's financial statements are free from material misstatement, we performed tests of it compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Respectfully submitted,

**ROBERT A. HULSART AND COMPANY**

---

**Robert A. Hulsart**  
**Licensed Public School Accountant**  
**No. 322**  
**Robert A. Hulsart and Company**  
**Wall Township, New Jersey**

October 9, 2013

# Robert A. Hulsart and Company

CERTIFIED PUBLIC ACCOUNTANTS

ARMOUR S. HULSART, C.P.A., R.M.A., P.S.A. (1959-1992)

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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR  
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED  
BY OMB CIRCULAR A-133**

Honorable President and Members  
of the Board of Education  
Farmingdale School District  
County of Monmouth  
Farmingdale, New Jersey

## **Report on Compliance for Each Major State Program**

We have audited the Board of Education of the Farmingdale School District, County of Monmouth, State of New Jersey's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* and the *New Jersey State Aid/Grant Compliance Supplement* that could have a direct and material effect on each of the Board of Education of the Farmingdale School District, County of Monmouth, State of New Jersey's major state programs for the year ended June 30, 2013. The Board of Education of the Farmingdale School District, County of Monmouth, State of New Jersey's major state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

## ***Management's Responsibility***

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its state programs.

### ***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of the Board of Education of the Farmingdale School District, County of Monmouth, State of New Jersey's major state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and prescribed by the Office of School Finance, Department of Education, State of New Jersey; OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*; and New Jersey OMB's Circular 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Those standards and OMB Circular A-133 and New Jersey OMB's Circular 04-04, require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state program occurred. An audit includes examining, on a test basis, evidence about the Board of Education of the Farmingdale School District, County of Monmouth, State of New Jersey's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major state program. However, our audit does not provide a legal determination of the Board of Education of the Farmingdale School District, County of Monmouth, and State of New Jersey's compliance.

### ***Opinion on Each Major State Program***

In our opinion, the Board of Education of the Farmingdale School District, County of Monmouth, State of New Jersey's, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the year ended June 30, 2013.

### **Report on Internal Control Over Compliance**

Management of the Board of Education of the Farmingdale School District, County of Monmouth, State of New Jersey's is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Board of Education of the Farmingdale School District, County of Monmouth, State of New Jersey's internal control over compliance with the types of requirements that could have a direct and material effect on each major state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal and state program and to test and report on internal control over compliance in accordance with OMB Circular A-133 and New Jersey OMB Circular 04-04, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Board of Education of the Farmingdale School District, County of Monmouth, and State of New Jersey's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a state program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that a material noncompliance with a type of compliance requirement of a federal and state program will not be prevented, or detected and corrected on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purposes described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or, significant deficiencies. We did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Respectfully submitted,

**ROBERT A. HULSART AND COMPANY**

---

**Robert A. Hulsart**  
**Licensed Public School Accountant**  
**No. 322**  
**Robert A. Hulsart and Company**  
**Wall Township, New Jersey**

October 9, 2013

**FARMINGDALE SCHOOL DISTRICT**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

**FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

Schedule A  
K-3

| Federal<br>Grantor/Pass-Through<br>State Department of<br>Education: | Federal<br>CFDA<br>Number | Program<br>or Award<br>Amount | Grant Period |           | Balance<br>June 30, 2012 | Carryover<br>(Walkover)<br>Amount | Cash<br>Received | Budgetary<br>Expenditures | Adjustment | Balance at June 30, 2013 |                     |
|--|---------------------------|-------------------------------|--------------|-----------|--------------------------|-----------------------------------|------------------|---------------------------|------------|--------------------------|---------------------|
|  |                           |                               | From         | To        |                          |                                   |                  |                           |            | (Accounts<br>Receivable) | Deferred<br>Revenue |
| U.S. Department of Education   |                           |                               |              |           |                          |                                   |                  |                           |            |                          |                     |
| Passed Through State Department<br>of Education:                     |                           |                               |              |           |                          |                                   |                  |                           |            |                          |                     |
| Special Revenue Fund:  |                           |                               |              |           |                          |                                   |                  |                           |            |                          |                     |
| Title I  | 84.010                    | 18,711                        | 9/1/12       | 8/31/13   | \$ -                     |                                   | 18,711           | (18,711)                  |            |                          |                     |
| Title I  | 84.010                    | 13,590                        | 9/1/11       | 8/31/12   | 1,387                    |                                   | 1,667            | (3,054)                   |            |                          |                     |
| Title IIA  | 84.367                    | 6,034                         | 9/1/11       | 8/31/12   |                          |                                   | 6,034            | (6,034)                   |            |                          |                     |
| I.D.E.A.:  |                           |                               |              |           |                          |                                   |                  |                           |            |                          |                     |
| Part B - Basic   | 84.027                    | 41,160                        | 9/1/12       | 8/31/13   |                          |                                   | 41,160           | (41,160)                  |            |                          |                     |
| Preschool  | 84.173                    | 727                           | 9/1/12       | 8/31/13   |                          |                                   | 727              | (727)                     |            |                          |                     |
| Total Special Revenue  |                           |                               |              |           | 1,387                    | -                                 | 68,299           | (69,686)                  | -          | -                        | -                   |
| U.S. Department of Agriculture                                       |                           |                               |              |           |                          |                                   |                  |                           |            |                          |                     |
| Passed Through State Department<br>of Education:                     |                           |                               |              |           |                          |                                   |                  |                           |            |                          |                     |
| School Breakfast Program   | 10.553                    | 2,961                         | 7/1/2012     | 6/30/2013 |                          |                                   |                  |                           |            |                          |                     |
| National School Lunch Program  | 10.555                    | 16,823                        | 7/1/2012     | 6/30/2013 |                          |                                   | 2,518            | (2,961)                   |            | (443)                    |                     |
| National School Lunch Program  | 10.555                    | 13,289                        | 7/1/2011     | 6/30/2012 | (544)                    |                                   | 13,947           | (16,823)                  |            | (2,876)                  |                     |
|  |                           |                               |              |           |                          |                                   | 544              |                           |            |                          |                     |
|  |                           |                               |              |           | (544)                    |                                   | 17,009           | (19,784)                  |            | (3,319)                  |                     |
| Total Federal Financial Assistance                                   |                           |                               |              |           | \$ 843                   | -                                 | 85,308           | (89,470)                  | -          | (3,319)                  | -                   |

See accompanying Notes to Schedules of Financial Assistance.



**FARMINGDALE SCHOOL DISTRICT**

**SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE**

**FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

Schedule B

K-4

| State Grantor/Program Title<br>State Department of Education | Grant or State<br>Project Number | Program<br>or Award<br>Amount | Grant Period |         | Carryover<br>(Walkover)<br>Amount | Cash<br>Received | Budgetary<br>Expenditures | Balance at June 30, 2013 |                     | Due to<br>Grantor | MEMO                    |                                     |
|--|----------------------------------|-------------------------------|--------------|---------|-----------------------------------|------------------|---------------------------|--------------------------|---------------------|-------------------|-------------------------|-------------------------------------|
|  |                                  |                               | From         | To      |                                   |                  |                           | (Accounts<br>Receivable) | Deferred<br>Revenue |                   | Budgetary<br>Receivable | Cumulative<br>Total<br>Expenditures |
| General Fund:  |                                  |                               |              |         |                                   |                  |                           |                          |                     |                   |                         |                                     |
| Equalization aid   | 13-495-034-5120-078              | \$ 479,565                    | 7/1/12       | 6/30/13 |                                   | 479,565          | (479,565)                 |                          |                     |                   | (47,933)                | 479,565                             |
| Adjustment Aid   | 13-495-034-5120-085              | 180,573                       | 7/1/12       | 6/30/13 |                                   | 180,573          | (180,573)                 |                          |                     |                   | (18,050)                | 180,573                             |
| Transportation Aid   | 13-495-034-5120-014              | 2,793                         | 7/1/12       | 6/30/13 |                                   | 2,793            | (2,793)                   |                          |                     |                   | (280)                   | 2,793                               |
| Special Education Aid  | 13-495-034-5120-089              | 81,329                        | 7/1/12       | 6/30/13 |                                   | 81,329           | (81,329)                  |                          |                     |                   | (8,129)                 | 81,329                              |
| Security Aid   | 13-495-034-5120-084              | 14,382                        | 7/1/12       | 6/30/13 |                                   | 14,382           | (14,382)                  |                          |                     |                   | (1,440)                 | 14,382                              |
| Non-Public Transportation                                    | 12-495-034-5120-014              | 1,218                         | 7/1/11       | 6/30/12 |                                   | 1,218            |                           |                          |                     |                   |                         |                                     |
| Non-Public Transportation                                    | 13-495-034-5120-014              | 1,277                         | 7/1/12       | 6/30/13 |                                   |                  | (1,277)                   |                          |                     |                   |                         | 1,277                               |
| Extraordinary Aid  | 12-495-034-5120-044              | 21,237                        | 7/1/11       | 6/30/12 |                                   | 21,237           |                           |                          |                     |                   |                         |                                     |
| Extraordinary Aid  | 13-495-034-5120-044              | 11,000                        | 7/1/12       | 6/30/13 |                                   |                  | (11,000)                  |                          |                     |                   |                         | 11,000                              |
| Reimbursed T.P.A.F. Social                                   | 13-100-034-5095-006              | 95,036                        | 7/1/12       | 6/30/13 |                                   | 88,973           | (95,036)                  |                          |                     |                   |                         | 95,036                              |
| Security Contributions                                       |                                  |                               |              |         |                                   |                  |                           |                          |                     |                   |                         |                                     |
| Reimbursed T.P.A.F. Social                                   | 12-100-034-5095-002              | 97,398                        | 7/1/11       | 6/30/12 |                                   | 4,751            |                           |                          |                     |                   |                         |                                     |
| Security Contributions                                       |                                  |                               |              |         |                                   |                  |                           |                          |                     |                   |                         |                                     |
| Total General Fund   |                                  |                               |              |         |                                   | 874,821          | (865,955)                 | (18,340)                 | -                   | -                 | (75,832)                | 865,955                             |
| Enterprise Fund:   |                                  |                               |              |         |                                   |                  |                           |                          |                     |                   |                         |                                     |
| State School Lunch Program                                   | 13-100-010-3350-023              | 488                           | 7/1/12       | 6/30/13 |                                   | 406              | (488)                     | (82)                     |                     |                   |                         | 488                                 |
| State School Lunch Program                                   | 12-100-010-3350-023              | 430                           | 7/1/11       | 6/30/12 |                                   | 17               |                           |                          |                     |                   |                         |                                     |
| Total State Financial Assistance                             |                                  |                               |              |         |                                   | 875,244          | (866,443)                 | (18,422)                 | -                   | -                 | (75,832)                | 866,443                             |

See accompanying Notes to Schedules of Financial Assistance.

**BOARD OF EDUCATION**

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**FARMINGDALE SCHOOL DISTRICT****NOTES TO SCHEDULES OF AWARDS AND FINANCIAL ASSISTANCE****JUNE 30, 2013****NOTE 1:     General**

The accompanying schedules of financial assistance present the activity of all federal and state financial assistance programs of the Board of Education, Farmingdale School District. The Board of Education is defined in Note 1(A) to the Board's general-purpose financial statements. All federal financial assistance received directly from federal agencies, as well as federal financial assistance passed through other government agencies is included on the schedule of federal financial assistance.

**NOTE 2:     Basis of Accounting**

The accompanying schedules of financial assistance are presented using the modified accrual basis of accounting. This basis of accounting is described in Note 1(C) to the Board's general-purpose financial statements.

**NOTE 3:     Relationship to General Purpose Financial Statements**

The general-purpose financial statements present the general fund and special revenue fund on a GAAP basis. Budgetary comparison statements or schedules (RSI) are presented for the general fund and special revenue fund to demonstrate finance-related legal compliance in which certain revenue is permitted by law or grant agreement to be recognized in the audit year, whereas for GAAP reporting, revenue is not recognized until the subsequent year or when expenditures have been made.

The general fund is presented in the accompanying schedules on the modified accrual basis with the exception of the revenue recognition of the last state aid payment in the current budget year, which is mandated pursuant to *N.J.S.A. 18A:22-44.2*. For GAAP purposes, that payment is not recognized until the subsequent budget year due to the state deferral and recording of the last state aid payment in the subsequent year. The special revenue fund is presented in the accompanying schedules on the grant accounting budgetary basis which recognizes encumbrances as expenditures and also recognizes the related revenues, whereas the GAAP basis does not. The special revenue fund also recognizes the one or more state aid June payments in the current budget year, consistent with *N.J.S.A. 18A:22-4.2*.

Awards and financial assistance revenues are reported in the Board's general purpose financial statements on a GAAP basis as presented below:

**NOTE 3:      Relationship to General Purpose Financial Statements**

|                                     | <u>General Fund</u> | <u>Special<br/>Revenue<br/>Fund</u> | <u>Debt<br/>Service<br/>Fund</u> | <u>Food<br/>Service</u> | <u>Total</u>     |
|-------------------------------------|---------------------|-------------------------------------|----------------------------------|-------------------------|------------------|
| <b><u>State Assistance</u></b>      |                     |                                     |                                  |                         |                  |
| Actual Amounts (Budgetary)          |                     |                                     |                                  |                         |                  |
| “Revenues” from the Schedule        |                     |                                     |                                  |                         |                  |
| of Expenditures of State            |                     |                                     |                                  |                         |                  |
| Financial Assistance                | \$ 865,955          |                                     |                                  | 488                     | 866,443          |
| <br>Difference – Budget to “GAAP”   |                     |                                     |                                  |                         |                  |
| Grant Accounting Budgetary          |                     |                                     |                                  |                         |                  |
| Basis Differs from GAAP             |                     |                                     |                                  |                         |                  |
| in that Encumbrances are            |                     |                                     |                                  |                         |                  |
| Recognized as Expenditures          |                     |                                     |                                  |                         |                  |
| and the Related Revenue             |                     |                                     |                                  |                         |                  |
| is Recognized                       |                     |                                     |                                  |                         |                  |
| <br>On Behalf Payments              |                     |                                     |                                  |                         |                  |
| Recognized for GAAP                 |                     |                                     |                                  |                         |                  |
| Statements but Not                  |                     |                                     |                                  |                         |                  |
| Included in the Schedule            |                     |                                     |                                  |                         |                  |
| of Expenditures of State            |                     |                                     |                                  |                         |                  |
| Financial Assistance                | 176,756             |                                     |                                  |                         | 176,756          |
| <br>The Last State Aid Payment      |                     |                                     |                                  |                         |                  |
| Is Recognized as Revenue            |                     |                                     |                                  |                         |                  |
| for Budgetary Purposes,             |                     |                                     |                                  |                         |                  |
| and Differs from GAAP               |                     |                                     |                                  |                         |                  |
| Which does not Recognize            |                     |                                     |                                  |                         |                  |
| This Revenue Until the              |                     |                                     |                                  |                         |                  |
| Subsequent Year When the            |                     |                                     |                                  |                         |                  |
| State Recognizes the Related        |                     |                                     |                                  |                         |                  |
| Expense (GASB 33)                   | <u>(1,154)</u>      | <u>          </u>                   | <u>          </u>                | <u>          </u>       | <u>(1,154)</u>   |
| <br>Total State Revenue as Reported |                     |                                     |                                  |                         |                  |
| on the Statement of Revenues,       |                     |                                     |                                  |                         |                  |
| Expenditures and Changes in         |                     |                                     |                                  |                         |                  |
| Fund Balances                       | <u>\$ 1,041,557</u> | <u>          </u>                   | <u>          </u>                | <u>488</u>              | <u>1,042,045</u> |

**NOTE 3:      Relationship to General Purpose Financial Statements (Continued)**

|                                  | <u>General Fund</u> | <u>Special<br/>Revenue<br/>Fund</u> | <u>Debt<br/>Service<br/>Fund</u> | <u>Food<br/>Service</u> | <u>Total</u>  |
|----------------------------------|---------------------|-------------------------------------|----------------------------------|-------------------------|---------------|
| <b><u>Federal Assistance</u></b> |                     |                                     |                                  |                         |               |
| Actual Amounts (Budgetary)       |                     |                                     |                                  |                         |               |
| “Revenues” from the Schedule     |                     |                                     |                                  |                         |               |
| of Expenditures of Federal       |                     |                                     |                                  |                         |               |
| Awards                           | \$                  | 69,686                              |                                  | 19,784                  | 89,470        |
| Difference – Budget to “GAAP”    |                     |                                     |                                  |                         |               |
| Grant Accounting Budgetary       |                     |                                     |                                  |                         |               |
| Basis Differs from GAAP in that  |                     |                                     |                                  |                         |               |
| Encumbrances are Recognized as   |                     |                                     |                                  |                         |               |
| Expenditures and the Related     |                     |                                     |                                  |                         |               |
| Revenue is Recognized            | —                   | —                                   | —                                | —                       | —             |
| Total Federal Revenue as         |                     |                                     |                                  |                         |               |
| Reported on the Statement        |                     |                                     |                                  |                         |               |
| of Revenue, Expenditures,        |                     |                                     |                                  |                         |               |
| and Changes in Fund              |                     |                                     |                                  |                         |               |
| Balances                         | \$                  | <u>69,686</u>                       | <u>—</u>                         | <u>19,784</u>           | <u>89,470</u> |

**NOTE 4:      Relationship to Federal and State Financial Reports**

Amounts reported in the accompanying schedules agree with the amounts reported in the related federal and state financial reports.

**NOTE 5:      Other**

Revenues and expenditures reported under the Food Distribution Program represent current year value received and current year distributions respectively. The amount reported as TPAF Pension Contributions represents the amount paid by the state on behalf of the District for the year ended June 30, 2013. TPAF Social Security Contributions represents the amount reimbursed by the state for the employer's share of social security contributions for TPAF members for the year ended June 30, 2013.

**FARMINGDALE SCHOOL DISTRICT****SCHEDULE OF FINDINGS AND QUESTIONED COSTS****K-6****FOR THE FISCAL YEAR ENDED JUNE 30, 2013*****Part I - Summary of Auditor's Results*****Financial Statement Section**

Type of auditor's report issued:

Unqualified

Internal control over financial reporting:

1) Material weakness(es) identified?

           Yes       x       No2) Reportable conditions(s) identified that are  
not considered to be material weaknesses?           Yes       x       None ReportedNoncompliance material to general purpose financial  
statements noted?           Yes       x       No**State Awards**

Dollar threshold used to distinguish between type A and type B programs:

\$300,000

Auditee qualified as low-risk auditee?

      x       Yes            No

Type of auditor's report issued on compliance for major programs:

Unqualified

Internal Control over major programs:

(1) Material Weakness(es) identified?

           Yes       x       No(2) Reportable condition(s) identified that are  
not considered to material weaknesses?           Yes       x       None ReportedAny audit findings disclosed that are required to be reported  
in accordance with N.J. OMB's Circular 04-04?           Yes       x       No

Identification of major programs:

**GMIS Number(s)**13-495-034-5120-07813-495-034-5120-08513-495-034-5120-08913-495-034-5120-084**Name of State Program**Equalization Aid-ClusterAdjustment Aid-ClusterSpecial Education Aid-ClusterSecurity Aid-Cluster

FARMINGDALE SCHOOL DISTRICTSCHEDULE OF FINDINGS AND QUESTIONED COSTS

K-6

FOR THE FISCAL YEAR ENDED JUNE 30, 2013*Part 2 - Financial Statement Findings*

This section identifies the reportable conditions, material weaknesses, and instances of noncompliance related to the general purpose financial statements that are required to be reported in accordance with paragraphs 5.18 through 5.20 of *Government Auditing Standards*.

Finding: None

Criteria or specific requirement: N/A

Condition: N/A

Questioned Costs: N/A

Context: N/A

Effect: N/A

Cause: N/A

Recommendation: N/A

Management's Response: N/A

**FARMINGDALE SCHOOL DISTRICT****SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

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**FOR THE FISCAL YEAR ENDED JUNE 30, 2013*****Part 3 - Federal Awards and State Financial Assistance Findings and Questioned Costs***

This section identifies audit findings required to be reported by section .510(a) of Circular A-133 and NJOMB Circular Letter 04-04.

**STATE AWARDS**

Finding: NONE

Information on the State Program: N/A

Criteria or specific requirement: N/A

Condition: N/A

Questioned Costs: N/A

Context: N/A

Effect: N/A

Cause: N/A

Recommendation: N/A

Management's response: N/A

**FARMINGDALE SCHOOL DISTRICT**

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**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**

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**FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

**Prior Audit Findings:**

None